COPYApplication Wellmont Cardiology Services

CN1304-013

DSG Development Support Group

2013 APR 15 PM 3: 02

April 15, 2013

Melanie M. Hill, Executive Director Tennessee Health Services and Development Agency Frost Building, Third Floor 161 Rosa Parks Boulevard Nashville, Tennessee 37203

RE: CON Application Submittal

Wellmont Cardiology Services--

Acquisition of Cardiac PET System & Initiation of Services;

Establishment of an Outpatient Diagnostic Center (if required by law)

Kingsport, Sullivan County

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. Byron Trauger is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,

John Wellborn Consultant

WELLMONT CARDIOLOGY SERVICES

CERTIFICATE OF NEED APPLICATION
TO ACQUIRE AN EXISTING
CARDIAC PET SCANNING SYSTEM IN
WASHINGTON COUNTY
AND
TO RELOCATE IT TO SULLIVAN
COUNTY (AS AN ODC IF REQUIRED)

Filed April 2013

PART A

1. Name of Facility, Agency, or Institution

Wellmont Cardiology Services, Inc.		
Name		
2050 Meadowview Parkway		Sullivan
Street or Route		County
Kingsport	TN	37660
City	State	Zip Code

2. Contact Person Available for Responses to Questions

John Wellborn	Consultant			
Name	Title			
Development Support Group	jwdsg@comcast.net			
Company Name	E-Mail Address			
4219 Hillsboro Road, Suite 203	Nashville TN 37215			
Street or Route	City State Zip Code			
CON Consultant	615-66-2022 615-665-20		615-665-2042	
Association With Owner	Phone Number		Fax Number	

3. Owner of the Facility, Agency, or Institution

Wellmont Health System		
Name	Ÿ.	
c/o Wellmont CVA Heart Institut	e at same address as in #1 above	
Street or Route		County
Kingsport	TN	37660
City	State	Zip Code

4. Type of Ownership or Control (Check One)

		F. Government (State of TN or		
A. Sole Proprietorship		Political Subdivision)		
B. Partnership		G. Joint Venture		
C. Limited Partnership	4	H. Limited Liability Company		
D. Corporation (For-Profit)	X	I. Other (Specify):		
E. Corporation (Not-for-Profit)	X			

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

Street or Route City State City State City State State County D. Option to Lease

7. Type of Institution (Check as appropriate—more than one may apply)

X

B. Option to PurchaseC. Lease of 10 Years

E. Other (Specify):

A. Hospital (Specify): General	I. Nursing Home	
B. Ambulatory Surgical Treatment	(if required)	
Center (ASTC) Multi-Specialty	J. Outpatient Diagnostic Center	X
C. ASTC, Single Specialty	K. Recuperation Center	
D. Home Health Agency	L. Rehabilitation Center	
E. Hospice	M. Residential Hospice	
F. Mental Health Hospital	N. Non-Residential Methadone	
G. Mental Health Residential Facility	O. Birthing Center	
H. Mental Retardation Institutional	P. Other Outpatient Facility	
Habilitation Facility (ICF/MR)	(Specify):	
	Q. Other (Specify): MD Practice	X

8. Purpose of Review (Check as appropriate—more than one may apply

		G. Change in Bed Complement	
		Please underline the type of Change:	
		Increase, Decrease, Designation,	
A. New Institution		Distribution, Conversion, Relocation	
B. Replacement/Existing Facility		H. Change of Location	
C. Modification/Existing Facility	х	I. Other (Specify):	
D. Initiation of Health Care Service			
as defined in TCA Sec 68-11-1607(4)			
(Specify) Fixed Cardiac PET	X		
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

9. <u>Bed Complement Data</u> NA
(Please indicate current and proposed distribution and certification of facility beds.)

(Treuse maicure current and	Current	CON approved beds		Beds	TOTAL
	Licensed Beds	(not in service)	Staffed Beds	Proposed (Change)	Beds at Completion
A. Medical					
B. Surgical					
C. Long Term Care Hosp.					
D. Obsetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolesc. Psych.					
K. Rehabilitation					
L. Nursing Facility					
(non-Medicaid certified)					
M. Nursing Facility Lev. 1					
(Medicaid only)					
N. Nursing Facility Lev. 2					
(Medicare only)					
O Nursing Facility Lev. 2					
(dually certified for					
Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical					
Dependency					
R. Child/Adolescent					
Chemical Dependency					
S. Swing Beds					
T. Mental Health					
Residential Treatment					
U. Residential Hospice					
TOTAL					

10. Medicare Provider Number: to be applied for if required		
Certification Type:	Outpatient Diagnostic Center	
11. Medicaid Provider Number:	to be applied for if required	
Certification Type:	Outpatient Diagnostic Center	

12. & 13. See page 4

A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

The applicant is an existing physician practice entity that already is certified for participation in both Medicare and TennCare/Medicaid.

This applicant does not intend to create a new licensed facility, but rather to move an existing cardiac PET unit, now at a remote location, into the main office of the practice in Kingsport, where it can be utilized more frequently. However, if State law requires licensure of this service as an Outpatient Diagnostic Center, the applicant's ODC will seek the same Medicare and TennCare/Medicaid contract status as the group practice.

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

Table One: Contractual Relationships with Service Area MCO's			
Available TennCare MCO's / Medicaid Applicant's Relationship			
BlueCare	contracted		
United Community Healthcare Plan (formerly AmeriChoice)	contracted		
TennCare Select	contracted		
Virginia Medicaid	contracted		

SECTION B: PROJECT DESCRIPTION

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

Proposed Services and Equipment

- A cardiology group practice in Kingsport, Wellmont Cardiology Services ("WCS"), proposes to acquire an existing <u>cardiac PET</u> system (not traditional PET/CT) that is currently serving the region's patients at an Outpatient Diagnostic Center (ODC) in Gray, Tennessee in northwest Washington County.
- The system would then be relocated 10.6 miles west, into the Wellmont Cardiology Services ("WCS") practice offices in "The Heart Center" building in Kingsport (south Sullivan County), a distance of 10.6 miles, to provide that diagnostic service to many more WCS patients than can utilize it at its current location in Gray.
- If required by State law, WCS will establish a Licensed Outpatient Diagnostic Center (ODC) in its building to provide cardiac PET scanning.
- The project does not add a PET unit to the area, or a new service to the area or to Sullivan County. It does add fixed cardiac PET and cardiac PET service at a new location within the county and the current service area.

Ownership Structure

• The applicant, Wellmont Cardiology Services, Inc. is a not-for-profit physician practice corporation whose sole member/owner is Wellmont Health System, a not-for-profit healthcare system based in the Tri-Cities area of Upper East Tennessee and Southwest Virginia. The system operates several hospitals in the region, including Holston Valley Medical Center in Kingsport. It is one of the State's largest tertiary healthcare networks. Attachment A.4 contains more details, and information on the Tennessee facilities owned by this facility's parent organization.

Service Area

• The project will not serve any Tennessee counties not already being served by the cardiac PET ODC in Gray. The service's primary service area, when moved to Kingsport, will continue to include Sullivan, Washington, Hawkins, and Greene Counties in Tennessee, and Washington, Wise, Scott, Russell, Lee, and Smyth Counties in southwest Virginia.

Need

• WCS sees an estimated 1,500 patients per year who would benefit from having diagnostic tests on this cardiac PET system. Its current location 10.6 miles east of the WCS offices, in a small town in the adjoining county, discourages its use by WCS

patients and by the WCS cardiologists who must travel with them to supervise the test. Bringing it in-house at WCS's Kingsport office will greatly expand the cardiac PET system's utilization, which currently is far below its optimal capacity. Cardiac PET improves diagnosis, eliminates many interventional procedures, and takes hours less time than the test (SPECT) it is replacing.

- The ODC provider that uses this and a second system at Gray is planning to move farther east into Johnson City, retaining only one system. The second will be sold by the equipment vendor that now leases both systems to the ODC. This is an opportunity for WCS to acquire economically priced and dependable Siemens cardiac PET technology to improve its diagnostic information for all patients who would benefit from it. For some patients, that will prevent unnecessary, risky, and expensive subsequent interventional procedures such as cardiac catheterizations and coronary artery bypass grafts.
- This project will not reduce utilization of the only provider of dedicated cardiac PET services in the region, which is the ODC in Gray. This project has been planned in cooperation with that provider. The ODC and WCS are simultaneously filing CON applications to relocate one cardiac PET system each, to Johnson City and to Kingsport, respectively—to make them more accessible to the majority of patients and referring physicians. There, both systems will be used at much higher capacity.
- The project does not duplicate existing technology or services; it does not serve counties not already being served by this technology. The availability of the service for this region has received CON approval already; the project improves patient accessibility and physician productivity; the project improves the quality of care and provides cost savings in "downstream" interventions; and the project has no adverse impact on other providers. Depending on State law, the project may have to be licensed as an additional ODC--but if so, "splitting" one existing ODC into two will not increase area diagnostic capacity because it will not create additional equipment or services in the area.

Existing Resources

• The only source of this service in all of Upper East Tennessee (The "Tri-Cities" area) is the ODC in Gray. It serves patients from throughout the region, including large numbers of residents of southwest Virginia.

Project Cost, Funding, Financial Feasibility, Staffing

- The project cost for CON purposes is estimated to be \$1,073,410. All this will be provided in cash by the applicant's parent system, Wellmont Health System.
- The financial feasibility of the project is clearly indicated by a strong positive operating margin each of its first two years. This projection relies only on the number of potential patients already being seen at WCS offices, so it is not speculative.
- The project will serve TennCare and indigent patients as well as those with adequate insurance, so financial accessibility is assured.
- The proposed service or ODC will require only three new FTE's--one RN, one nuclear medicine technologist, and a clerical employee.

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 et seq.) INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

The Applicant

The CON applicant for this project is Wellmont Cardiology Services, Inc. ("WCS"). WCS is a not-for-profit physician practice corporation whose sole member/owner is Wellmont Health System, a not-for-profit hospital system based in Upper East Tennessee. The Wellmont system is a tertiary health system serving Upper East Tennessee and southwest Virginia residents, through a large network of providers and facilities in multiple counties. Holston Valley Medical Center in Kingsport (Sullivan County) is Wellmont's largest facility. It has been ranked in the top 100 hospitals nationally for cardiac care, major cardiac surgery, heart attack treatment, and coronary bypass surgery. WCS currently provides specialty care to more than 45,000 active patients in the region.

As a physician group practice, WCS has a group provider number, and its own tax ID number. The group's licensed practitioners include 47 cardiologists, cardiovascular, vascular, and cardiothoracic surgeons, and 23 nurse practitioners and physician assistants. Last year WCS had 45,000 active patients. Its main Tennessee office is located in the Wellmont building known as "The Heart Center" at 2050 Meadowview Parkway, Kingsport. It shares space in that building with Holston Valley Medical Center, which operates several diagnostic services there.

Scope of the Service

Cardiac PET has been shown by multiple studies to be the most informative test available for cardiologists who are evaluating certain patients' arterial blockages (perfusion studies), or those patients' ability to successfully accept a coronary artery bypass graft (viability study). Such improved information has been shown to reduce subsequent cardiac catheterization procedures and coronary bypass surgeries.

This project is a change in ownership and location for an existing cardiac PET unit, serving the same service area as before. It is unclear to HSDA and State Licensure staff at this time if that will require the group practice to license the service as an Outpatient Diagnostic Center ("ODC"). To provide for that possibility, this application also requests approval for licensure as an ODC with cardiac PET scanning, if required.

Specifically, WCS proposes (a) to purchase an existing cardiac PET scanning system now operating at the Molecular Imaging Alliance ODC in nearby Gray, Tennessee (northwest Washington County); and (b) to relocate that system into renovated space at the WCS office building known as "The Heart Center" on Meadowview Parkway in Kingsport (Sullivan County). This is a relocation of less than 11 miles across the Sullivan/Washington County line.

The equipment to be purchased is a Siemens 2000 LS-EXCAT PET system. It includes the camera, workstation, software, water chiller, lead door, and in-lab furniture required to perform this type of nuclear medicine evaluation. The equipment is currently owned by LlifeScan Leasing of Tennessee, LLC, which leases two cardiac PET systems to LlifeScan Tennessee LLC's Molecular Imaging Alliance ODC in Gray (northwest Sullivan County). That ODC is located at 830 Suncrest Drive, Johnson City. It offers Upper East Tennessee's only cardiac PET service.

This is not replacement equipment. Molecular Imaging has filed a CON application to relocate to Johnson City, where it will need only one PET system. It has sold its second cardiac PET system to WCS, conditional on CON approval for both PET systems to be relocated—one to Johnson City and one to Kingsport. These two CON applications for service relocations have been filed as companion applications. The two related projects will not increase the number of PET/cardiac PET units operating in the service area. Their combined service areas in the future will be the same as today—the counties of upper East Tennessee plus nearby counties in Southwest Virginia.

The reason for both relocations is to improve the physical accessibility of cardiac PET services for both patients and cardiologists (who must be present during the test). The units are being relocated into the largest cities of Upper East Tennessee, from a small town location midway between those two cities. Improved accessibility is efficient for

both the patient and the patient's cardiologist. It will make it possible to increase substitution of cardiac PET studies for SPECT nuclear medicine studies, for patients who would benefit from the substitution. Use of both cardiac PET units is projected to increase greatly once they are in the two centers of medical care in this region.

It should be added that this is not actually a new type of service for Wellmont patients in Kingsport. A mobile PET/CT service with cardiac PET capabilities comes several days a week to Holston Valley Medical Center in Kingsport, several miles north of WCS's Heart Center office building. Wellmont Health System owns both the hospital and WCS. So as a practical matter, cardiac PET studies are already available to Wellmont patients in Kingsport, though not at the proposed address, or from a fixed PET.

The service will be the first fixed cardiac PET service in Kingsport; and it will be imbedded in the Heart Center with the other diagnostic testing modalities used by WCS cardiologists, where it can operate most efficiently and can reach its maximum utilization potential, enhancing quality of care.

Location and Design of the Project

The cardiac PET system will be installed in existing ground-floor space in the WCS office building (The Heart Center) on Meadowview Parkway. It will occupy 2,080 square feet of space in a corner of the building. It will contain a cardiac PET camera room with an adjoining control room, a nuclear medicine "hot lab", a dressing room, a patient prep room, a bathroom, and a reception and waiting area with administrative/medical records space. The cardiac PET camera room, nuclear medicine hot lab, patient prep room, and uptake waiting rooms will have radiation shielding.

The service will meet all applicable standards in its construction and operation, and will comply with requirements of the Division of Radiological Health (Tennessee Department of Health and Environment). It will seek accreditation for Positive Emission Tomography (PET) services, by the Intersocietal Accreditation Commission (which currently accredits the Molecular Imaging ODC in Gray). A floor plan is provided in Attachment B.IV. at the back of this application.

Table Two-A: Summary of Construction and Changes in Size		
	Total Square Feet	
Facility Before Project	na	
Facility After Project	2,080 SF	
Net Increase in Size (%)	na	
Area of New Construction	0	
Area of Buildout or Renovation	2,080 SF	
Total New & Renovated Construction	2,080 SF	

Table Two-B: Construction Costs of This Project					
-	Renovation Construction	New Construction	Total Project		
Square Feet	2,080 SF	0	2,080 SF		
Construction Cost	\$520,000	0	\$520,000		
Constr. Cost PSF	\$250	0	\$250		

Implementation Schedule and Hours of Operation

The project can be open for patient service by January 1, 2014. The proposed hours of operation (scheduled service) are from 7 AM to 5 PM, on weekdays.

Project Cost and Financing

The cost for CON purposes is estimated at \$1,073,410. Wellmont Health System will provide this in cash.

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART....

Not applicable.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT. 2013 APR 15 PM 3: 02

ODC renovation projects completed in 2008-2012 ranged from \$52-\$196 PSF construction cost, according to data from the HSDA Registry. See Table Three-A below. Although the HSDA Registry did not compile a similar table for 2008-2012 due to the small number of ODC projects (5) completed in 2012, the Registry has supplied construction cost data for those five projects; see Table Three-B below.

Wellmont Cardiology Services' projected renovation cost of \$250 PSF for this very small space is moderately higher than the third quartile range of costs shown in Table Three-A, but is within the range of costs in Table Three-B. It must be recognized that a very small project like this, with large amounts of costly shielding, can be expected to show a relatively high cost per SF compared to larger projects, because larger projects can spread the site mobilization and related fixed costs over a larger square footage.

Table Three-A: Outpatient Diagnostic Center Construction Cost PSF Years: 2008-2010					
Renovated New Total					
Construction Construction Construction					
1 st Quartile	\$51.55/sq ft	none	\$51.55/sq ft		
Median	\$122.15/sq ft	none	\$122.15/sq ft		
3 rd Quartile	\$196.46/sq ft	none	\$196.46/sq ft		

Source: HSDA Registry. CON approved applications for years 2008 through 2010

Table Three-B: Outpatient Diagnostic Center Construction Cost PSF Years: 2012				
CON	ODC / Provider	Renovation Area	Construction Cost / sq ft	
CN09808-044	ImagDent of Memphis	1,746 SF	\$51.55/sq ft	
CN1010-046	Murfreesboro Diagnostic Imaging	9,587 SF	\$122.15/sq ft	
CN1010-047	Cleveland Imaging	911 SF	\$269.91/sq ft	
CN1103-008	E. TN Community Open MRI	795 SF	\$160.38/sq ft	
CN1110-039	St. Thomas OP Imaging	7,737 SF	\$159.69/ sq ft	

Source: HSDA Registry. CON approved ODC projects completed in 2012 (all renovation).

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

Not applicable.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Not applicable; no inpatient beds are affected by the project.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

- 1. ADULT PSYCHIATRIC SERVICES
- 2. ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS
- 3. BIRTHING CENTER
- 4. BURN UNITS
- 5. CARDIAC CATHETERIZATION SERVICES
- 6. CHILD AND ADOLESCENT PSYCHIATRIC SERVICES
- 7. EXTRACORPOREAL LITHOTRIPSY
- 8. HOME HEALTH SERVICES
- 9. HOSPICE SERVICES
- 10. RESIDENTIAL HOSPICE
- 11. ICF/MR SERVICES
- 12. LONG TERM CARE SERVICES
- 13. MAGNETIC RESONANCE IMAGING (MRI)
- 14. MENTAL HEALTH RESIDENTIAL TREATMENT
- 15. NEONATAL INTENSIVE CARE UNIT
- 16. NON-RESIDENTIAL METHADONE TREATMENT CENTERS
- 17. OPEN HEART SURGERY
- 18. POSITIVE EMISSION TOMOGRAPHY
- 19. RADIATION THERAPY/LINEAR ACCELERATOR
- 20. REHABILITATION SERVICES
- 21. SWING BEDS

Molecular Imaging Alliance has decided to downsize its cardiac PET capacity to one system, and to relocate its ODC to Johnson City. Molecular's equipment vendor, LlifeScan Leasing, has offered the second system to WCS, which has long wanted such a unit at an affordable price within their Heart Center offices in Kingsport.

Such a unit is appropriate at the Heart Center, because for a large number of patients being diagnosed at the office, substitution of cardiac PET for the more prevalent SPECT test (another nuclear medicine study) yields superior diagnostic information. With improved information, care can be improved and costs can be saved. While WCS has identified approximately 1500 WCS patients a year that would likely benefit from cardiac PET in lieu of SPECT and other studies, it has not been feasible to refer so many to Gray, in the adjoining county, for two reasons. First, not all patients want to make the trip to Gray. Many prefer having all their testing needs met in one continuum of care at the Heart Center. Second, a cardiac PET study requires the presence onsite of the cardiologist; and stationing busy cardiologists out at Gray for hours per day, where they

cannot see other patients to perform other types of patient care, is an inefficiency that is unfeasible for a very large cardiology group practice like WCS. For those reasons, WCS use of the cardiac PET ODC at Gray has been lower than if it were within the Heart Center in Kingsport, under the efficient on-site supervision of its cardiologists.

The value of cardiac PET as a superior option to nuclear medicine SPECT studies (especially for patients of large body mass) has been consistently demonstrated by an array of clinical studies. Excerpts from several professional articles about its efficacy and cost savings are provided in the Attachments to this application--from the Journal of Nuclear Medicine, the Journal of American Cardiology, the Journal of Nuclear Cardiology, and Image (a professional magazine). As the case has built for this modality, more cardiology practices have begun to utilize it. The studies show that for patients considered likely to have coronary artery disease, myocardial perfusion PET is superior to SPECT in terms of image quality, interpretive certainty, and diagnostic accuracy. This is because cardiac PET has higher photon counts, improved spatial resolution, and attenuation correction in its images. With such improved information, the cardiologist can better evaluate the need (and probable efficacy) of additional "downstream" tests and interventions such as cardiac catheterizations and coronary artery bypass surgery.

This equipment acquisition and change of location does not appear to raise any adverse health planning issues; and it furthers several goals of the CON process. Examples include the following.

- 1. <u>Non-proliferation of services</u>: Wellmont Health System already performs PET/CT studies at Holston Valley Medical Center (Wellmont's Kingsport hospital), primarily for oncology purposes. So, although this would be a fixed cardiac PET unit (PET only not PET/CT) at a new Wellmont site, and subject to CON review, it is not technically a new service for the system's patients in Sullivan County.
- 2. <u>Non-duplication of major medical equipment</u>: this cardiac PET system is not a new PET system for the service area; it is already serving patients 11 miles away.

- 3. <u>No new service area</u>: the equipment's relocation to the WCS campus in Kingsport will not cause it to serve any counties that are not already being served from Gray.
- 4. <u>Consistent with prior CON approvals</u>: the cardiac PET units at Gray have already received favorable CON review once already.
- 5. <u>Improves accessibility</u>: the relocation will be more convenient for more patients and for more of the physicians supervising the scans.
- 6. <u>Improves efficiency</u>: a cardiac PET test visit takes about an hour and 15 minutes, compared to three to six hours for a SPECT test visit. Switching to cardiac PET saves patients and their supervising physicians substantial time.
- 7. <u>Improves utilization of major medical equipment</u>: by encouraging more conversion of SPECT studies to cardiac PET studies, the project will increase utilization of the cardiac PET system several-fold. This will be a more efficient use of prior major medical equipment investment.
- 8. <u>Cost savings</u>: studies are showing that cardiac PET rules out coronary artery bypass surgeries and cardiac catheterizations for many patients, and reduce the costs of care in such cases by as much as 30%. (See articles in the Attachments).
- 9. <u>No adverse impact on other providers</u>: because the increased utilization will come from conversion and follow-ups of this practice's own internal SPECT procedures, it will not reduce utilization at any other provider's PET or cardiac PET unit.

Need for an Outpatient Diagnostic Center for Cardiac PET Scanning

According to HSDA staff and Licensure staff, the proposed acquisition and use of this service by a group practice wholly owned by a health system may or may not require that it be certified as an Outpatient Diagnostic Center. The question needs further study. To avoid missing the opportunity to acquire this equipment, the applicant is proceeding with this application, and is requesting CON approval as an ODC for cardiac

PET scanning if and when such licensure is required by State law. Until required, the applicant will operate it as a service of its group practice. The project design and cost estimate allow for full compliance with ODC licensing regulations, is such licensure is ever sought.

B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

This is technically not applicable because the application is for a new provider. No replacement facility is involved.

However, the equipment concerned is changing its location. The reason for changing location is to move it closer to the patients who will use it, and to their specialists who must be on premises during a cardiac PET scans.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

- 1. For fixed site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 - 1. Total Cost (As defined by Agency Rule);
 - 2. Expected Useful Life;
 - 3. List of clinical applications to be provided; and
 - 4. Documentation of FDA approval.
 - b. Provide current and proposed schedule of operations.
- 2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost;
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.
- 3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

The cardiac PET scanner being relocated is a Siemens 2000 LS-EXCAT cardiac PET scanner system including the camera, workstation, software, water chiller unit, lead door, and in-lab furniture. The system's cost/value, as established by a third party evaluation, and as reflected in the applicant's purchase agreement, is \$325,000. It was installed at Gray in 2008 and its expected useful life is at least ten years. It will perform cardiac PET examinations for both perfusion and blockage evaluations. Its current hours of operation at Molecular Imaging in Gray are 7 am to 5 pm weekdays; this schedule will be maintained at its proposed new location in Kingsport. The applicant is purchasing the cardiac PET system. The executed conditional sales agreement is provided in the Attachments.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

- 1. SIZE OF SITE (IN ACRES);
- 2. LOCATION OF STRUCTURE ON THE SITE;
- 3. LOCATION OF THE PROPOSED CONSTRUCTION; AND
- 4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

Kingsport is the largest community in Sullivan County. The project site on Meadowview Parkway in south Sullivan County is efficiently connected to all parts of its service area by Federal and State highways. I-26 connects the project site very quickly to I-81, the major east-west highway in that region. US Highway 11W also provides good east-west access. US Highways 58, 23, and 421 offer rapid access to southwest Virginia. Table Four below shows the average distances and drive times to principal cities in this project's service area.

Table Four: Mileage and Drive Times					
Between This Project at 3050 Meadowview Parkway, Kingsport,					
and Major Communities in the Primary Service Area					
From Project to:	Distance	Drive Time			
1. Abingdon	Washington (VA)	42.1 mi.	41 min.		
2. Johnson City	Washington	20.2 mi.	23 min.		
3. Rogersville	Hawkins	31.0 mi.	38 min.		
4. Greeneville	Greene	38.5 mi.	42 min.		
5. Wise	Wise (VA)	54.0 mi.	64 min.		
6. Gate City	Scott Co (VA)	11.6 mi.	17 min.		
7. Lebanon	Russell Co (VA)	47.4 mi.	67 min.		
8. Jonesville	Lee Co (VA)	47.3 mi.	57 min.		
9. Marion	Smyth Co (VA)	69.8 mi.	64 min.		

Source: Google Maps, April 2013.

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

- 1. EXISTING SERVICE AREA (BY COUNTY);
- 2. PROPOSED SERVICE AREA (BY COUNTY);
- 3. A PARENT OR PRIMARY SERVICE PROVIDER;
- 4. EXISTING BRANCHES AND/OR SUB-UNITS; AND
- 5. PROPOSED BRANCHES AND/OR SUBUNITS.

Not applicable. The application is not for a home care organization.

C(I) NEED

- C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.
- A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.
- B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

Project-Specific Review Criteria: PET Scanners

The State Health Plan contains CON review criteria for PET scanners. The applicant believes that responses to those criteria should not be required for this project. They were intended to guide review of proposed new PET units in a service area, i.e., projects in which an additional PET is proposed for an area, or in which a prior approved PET is proposing a relocation that will result in a new service area.

Neither factor is present in this project. This project is to acquire an existing cardiac PET system, not to add a system to the area. At its proposed new location, this cardiac PET system will serve only counties that it is already serving at its current location. The ODC already received prior CON approval to serve those counties, and has done so for more than five years. A re-evaluation of this service under the PET Guidelines would not be meaningful for this particular change of ownership and location. The applicant requests that responses to these criteria not be required.

Project-Specific Review Criteria: Outpatient Diagnostic Centers

1. The need for outpatient diagnostic <u>services</u> shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

This criterion does not recommend a specific utilization target for any outpatient diagnostic service. It requires only that a "need" for the proposed service be shown, in the county where the ODC is proposed, and in contiguous counties. In this unique case, an existing service is being acquired and moved a short distance into Sullivan County. For purposes of this criterion the service's need is demonstrated because it is already being utilized by residents of Sullivan and contiguous Hawkins, Washington, Carter, and Johnson Counties. Table Five below shows the number of cardiac PET procedures performed at Gray for patients from those counties in 2011 and 2012. It is not reasonable to project these numbers forward four years on the basis of population trends, to identify a supposed "need", because when these two PET units are moved into closer proximity to referring specialists, their utilization will increase greatly for reasons unrelated to population change.

Table Five: Cardiac PET Scans Provided by Molecular Imaging Alliance (Gray) to Residents of Sullivan and Contiguous Counties 2011-2012				
County of Patient Residence	2011	2012		
Sullivan	34	40		
Hawkins	8	5		
Washington	313	330		
Carter	25	119		
Johnson	29	21		

Source: Joint Annual Reports and ODC records.

2. Approval of outpatient diagnostic <u>services</u> will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances which require additional services.

This project addresses a unique and possibly unprecedented situation. An ODC with Cardiac PET outpatient services is needed in Kingsport and the WCS service area, because the Molecular Imaging Alliance ODC that has been supplying that service to the

entire region, from Gray, Tennessee, is downsizing from two PET systems to one, and relocating east into Johnson City. This will put the region's only cardiac PET service even farther from the applicant WCS's cardiologists and their patients (20.6 miles vs. 10.6 miles currently). To not lose this service, and to increase its accessibility so that it serves many more WCS patients, the applicant needs to acquire Molecular's second cardiac PET system and move it north into Kingsport. State law may or may not require that such a service be licensed as an ODC.

3. Any special needs and circumstances:

a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

No special needs and circumstances have been identified, other those cited in other parts of this application and in other responses to these ODC Guidelines.

b. Other special needs and circumstances which might be pertinent must be analyzed.

No special needs and circumstances have been identified, other those cited in other parts of this application and in other responses to these ODC Guidelines.

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.
 - 1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in accordance with accepted medical practice.

The proposed ODC will be located in The Heart Center office building, within a group practice of cardiac care specialists who have admitting privileges at nearby Holston Valley Medical Center. Any of these physicians can send an emergency patient to the hospital Emergency Department, and/or admit the patient. Initial "first responder" emergency care will be provided by physicians and other WCS health professionals onsite, while emergency transport is on its way. No transfer agreement is necessary. If an ODC is required to be formed to offer this service at WCS, that ODC would seek an

emergency transfer agreement with Holston Valley Medical Center in Kingsport, just minutes away by ambulance.

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

When the service is placed in The Heart Center, WCS will perform its customary quality assurance processes to ensure that it is utilized only upon a WCS physician's orders and only when medically appropriate. The group includes several cardiologists who are Board certified in Nuclear Cardiology; four or five of those specialists will be interpreting all the cardiac PET scans. This service will seek Intersocietal Accreditation Commission (ICA) accreditation in Nuclear Cardiology, Nuclear Medicine, and Positron Emission Tomography.

The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans. Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

This project reflects a cooperative effort by the applicant and the owner of the Molecular Imaging Alliance ODC in Gray, to "subdivide" the two underutilized PET units at Gray, and to move them closer to the region's two largest concentrations of patients and cardiologists needing that service. The result will be to increase use of this diagnostic modality, to gain cost savings and improved diagnostic information that can reduce some costs of acute cardiac care.

2. Access to Care

Every citizen should have reasonable access to health care.

Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

Geography has been a barrier to optimal use of cardiac PET scanning. It is located miles outside the medical centers of the service area, making it less accessible for patients and physicians and limiting its use. The project will address that issue, improving access over what it is today.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should

work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

This is an opportunity for the State regulatory system to assist providers in making a needed service more accessible, so that its technology can be more completely and efficiently utilized.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

Bringing this PET system into The Heart Center, under the medical direction of Wellmont Cardiology Services, will place it in one of Tennessee's most quality-controlled acute care provider systems. Wellmont has been widely recognized and nationally ranked for its cardiac services. Having on-site availability of this technology will allow WCS specialists to acquire superior diagnostic data, with which they can make improved and more cost-effective decisions on subsequent care of the cardiac patient.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

The applicant's parent health system is deeply engaged in health profession training programs to increase the supply of competent practitioners at all levels of care.

C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

The applicant is not a hospital and does not prepare its own long-range campus or development plan.

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

The cardiac PET service area will reflect the patient origin of WCS patients in CY2012. That area will include the counties that this PET unit has been serving in Gray, since its ODC opened more than five years ago. Table Six on the next page shows the CY2012 primary service area counties for the practice, and projects county-level cardiac PET patient origin for the primary service area in Years One and Two of the project.

Approximately 84% of the cardiac PET patients will come from ten upper East Tennessee and southwest Virginia counties, many of whose residents look to the Wellmont system for their cardiac care. As might be expected, more than a third will come from the two most urbanized counties in this group, where Kingsport and Johnson City are located.

INSERT TABLE6--PATIENT ORIGIN PROJECTION

C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

Table Seven, following this page, provides the demographic profile for the four Tennessee counties in this project's primary service area. Basically, area residents are somewhat older and lower income than the State average.

The counties in the primary service area (all in Tennessee) have a median age of 41.9 compared to the State median age of 37.8; and 17.6% of area residents are elderly compared to 13.8% Statewide. In addition, the service area's elderly population is projected to increase 9.1% in size over the next four years. The aging of the population will continue to increase the need for high-quality, accessible, affordable cardiac care in this area. This project will support all three goals.

The service area's median income of \$38,945 is 10% lower than the State average; and more of the residents live below poverty level (18.1%) than the State average of 16.5%. The service area's TennCare population is 17.7% of all residents, compared to 19% Statewide. The project will be part of the not-for-profit Wellmont Health System, which is very accessible to low-income residents of the service area. A large majority (70%) of patients served by this project will be Medicare or Medicaid/TennCare enrollees.

Table Seven: Demographic Characteristics of Tennessee Primary Service Counties Wellmont Cardiology Services & Cardiac PET Service 2013-2017

2013 2017						
Demographic	Sullivan County	Washington County	Hawkins County	Greene County	PRIMARY SERVICE AREA	STATE OF TENNESSEE
Median Age-2010 US Census	43.6	39.3	42.1	42.6	41.9	37.8
	STATE OF STATE			100 100 100 150 150 150 150 150 150 150	MANAGER (C)	ALTERNATION DESCRIPTION
Total Population-2013	154,387	120,136	60,131	68,390	403,044	6,361,070
Total Population-2017	154,946	123,276	61,865	69,636	409,723	6,575,165
Total Population-% Change 2013 to 2017	0.4%	2.6%	2.9%	1.8%	1.7%	3.4%
Age 65+ Population-2013	29,471	19,303	10,211	12,146	71,131	878,496
% of Total Population	19.1%	16.1%	17.0%	17.8%	17.6%	13.8%
Age 65+ Population-2017	31,683	21,430	11,333	13,173	77,619	987,074
% of Population	20.4%	17.4%	18.3%	18.9%	18.9%	15.0%
Age 65+ Population- % Change 2013-2017	7.5%	11.0%	11.0%	8.5%	9.1%	12.4%
Median Household Income	\$40,572	\$42,104	\$36,795	\$36,310	\$38,945	\$43,314
TennCare Enrollees (12/12)	27,451	19,002	11,903	12,877	71,233	1,205,480
Percent of 2012 Population Enrolled in TennCare	17.8%	15.8%	19.8%	18.8%	17.7%	19.0%
Persons Below Poverty Level (2012)	25,474	20,784	10,162	14,772	71,192	1,049,577
Persons Below Poverty Level As % of Population (US Census)	16.5%	17.3%	16.9%	21.6%	18.1%	16.5%

Sources: TDH Population Projections, Feb. 2008; U.S. Census QuickFacts and FactFinder2; TennCare Bureau. PSA data is unweighted average or total of county data. NR means not reported in U.S. Census source document.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

The applicant group practice is dedicated to the diagnosis, care, and prevention of cardiovascular disease. Its cardiac PET service will be recommended to a subset of patients with indications of cardiovascular disease. These will predominantly be elderly persons (age 65+), who account for almost 69% of this practice's nuclear medicine studies (cardiac PET scanning is a nuclear medicine procedure). This age group has complete accessibility to this practice. The practice also takes TennCare and provides charity care. As part of the non-profit Wellmont Health System, WCS is accessible to all patients in the community.

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

There is only one cardiac PET service in Upper East Tennessee. It is at the Molecular Imaging Alliance ODC in Gray (northwest Washington County). Table Eight below shows its utilization in 2009-2012. Its growth has been exceptionally strong despite its remote location midway between the region's two largest medical care centers. Over the period 2009-2012, utilization of the service increased more than 17% per year (compound annual growth rate or CAGR).

Table Eight: Utilization of Molecular Imaging Alliance Cardiac PET Service 2009-2012				
	2009	2010	2011	2012
Procedures	411	342	514	668
% Annual Change		- 16.8%	+50.3%	+30.0%
Numeric Annual Change		-69	+172	+154
% Change 2009-2012				+62.5%
Numeric Change 2009-12	22			+257
Compound Annual Growth				
Rate 2009-2012			HH.	>17%

Source: HSDA Registry 2009-11; Molecular Imaging Alliance records, 2012.

PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY C(I).6.STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION THE PROJECT. OF ADDITIONALLY, **PROVIDE** THE **DETAILS** REGARDING THE **PROJECT** UTILIZATION. THE **METHODOLOGY USED** TO DETAILED CALCULATIONS OR MUST INCLUDE METHODOLOGY DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

The applicant has projected utilization of its cardiac PET service based on two factors.

First, the "conversion" of some of WCS's and the Wellmont hospitals' SPECT studies to cardiac PET studies--i.e, ordering a PET study <u>instead of</u> a SPECT study. This will be done in approximately 7-10% of the system's current volumes of 30 to 40 SPECT studies per day, 250 days per year. The number chosen for projection purposes was 3 cardiac PET scans per day, which is 750 scans per year.

Second, utilization was also projected in the performance of cardiac PET studies subsequent to SPECT studies whose results were clinically equivocal or inconclusive. This too is projected at 7%-10% of all the SPECT tests, resulting in an additional demand for 3 cardiac PET scans per day, or another 750 per year.

The total projection for the first two years is therefore 1,500 cardiac PET procedures per year in CY2014 and CY2015.

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

- ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.
- THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.
- THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.
- FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

On the Project Costs Chart, following this response:

Line A.1, A&E fees, were estimated by the project architect.

Line A.2, legal, administrative, and consultant fees, include costs for the CON process and legal services during project planning.

Line A.5, construction cost, was calculated at \$520,000, or \$250 PSF.

Line A.6, contingency, was estimated by the planning team at 5% of construction costs in line A.5.

Line A.7 includes both fixed and moveable equipment costs. The cost and value of the cardiac PET system are documented by the equipment purchase agreement negotiated by WCS and LlifeScan Leasing, LLC.

Line A.9 includes such costs as miscellaneous minor equipment and furnishings, miscellaneous fees and overhead, and moving expenses, as noted on the form.

PROJECT COSTS CHART --WELLMONT CARDIOLOGY SERVICES CARDIAC PET SERVICE

A.	Construction and equipme	ent acquired by purchas	813 APR 15 PM 3: 0	3
	 Acquisition of Site Preparation of Site Construction Cost Contingency Fund Fixed Equipment (No 	gineering Fees , Consultant Fees (Excl of Section 1985) t included in Construction (List all equipment over moving expenses IT, telecom, furnishings	n Contract) \$50,000)	30,000 30,000 0 520,000 26,000 325,000 60,000 60,000 20,000
В.	Acquisition by gift, donat	ion, or lease:		
	 Facility (inclusive of It Building only Land only Equipment (Specify) Other (Specify) 	ouilding and land)	-	0 0 0 0
C.	Financing Costs and Fees	:		
	 Interim Financing Underwriting Costs Reserve for One Year Other (Specify) 	's Debt Service		0 0 0
D.	Estimated Project Cost (A+B+C)			1,071,000
E.	CON Filing Fee	(\$2.25 per \$1,000 line	e D)	2,410
F.	Total Estimated Project C	Cost (D+E)	TOTAL S	1,073,410
			Actual Capital Cost Section B FMV	1,073,410 0

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

SUMMARIZE	HOW	THE	PROJ	ECT	WILL	\mathbf{BE}	FINAN	CED
(DOCUMENTA	ATION FOR	THE T	YPE OF	FUNI	ING MU	ST BE I	NSERTE	D AT
THE END OF	THE APP	LICATI	ON, IN	THE	CORREC	CT ALP	HANUM	ERIC
ORDER AND I	DENTIFIE	D AS AT	TACHM	IENT (C, ECONO	OMIC F	EASIBIL	ITY-
2).								
A. Comp favorable initia term of the loan	l contact, pr	oposed l	oan amo	unt, ex	pected int			
B. Tax-Fissuing authoriunderwriter or		avorable	contact	and a	condition	ial agre		
C. Generation the	_			of reso	olution fro	m issuir	ig author	ity or
D. Grant	sNotificati	on of Int	ent form	for gr	ant applic	ation or	notice of	grant

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY

The project cost of \$1,073,410 will be entirely funded by Wellmont Health System. Documentation of this is provided in Attachment C, Economic Feasibility--2.

F. Other--Identify and document funding from all sources.

__x_E.
Officer; or

Cash Reserves--Appropriate documentation from Chief Financial

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

ODC renovation projects completed in 2008-2012 ranged from \$52-\$196 PSF construction cost, according to data from the HSDA Registry. See Table Three-A below. Although the HSDA Registry did not compile a similar table for 2008-2012 due to the small number of ODC projects (5) completed in 2012, the Registry has supplied construction cost data for those five projects; see Table Three-B below.

Wellmont Cardiology Services' projected renovation cost of \$250 PSF for this very small space is moderately higher than the third quartile range of costs shown in Table Three-A, but is within the range of costs in Table Three-B. It must be recognized that a very small project like this, with large amounts of costly shielding, can be expected to show a relatively high cost per SF compared to larger projects, because larger projects can spread the site mobilization and related fixed costs over a larger square footage.

Table Three	-A: Outpatient Diagno Years: 2	stic Center Constr 008-2010	uction Cost PSF	
	Renovated	New	Total	
	Construction	Construction	Construction	
1 st Quartile	\$51.55/sq ft	none	\$51.55/sq ft	
Median	\$122.15/sq ft	none	\$122.15/sq ft	
3 rd Quartile	\$196.46/sq ft	none	\$196.46/sq ft	

Source: HSDA Registry. CON approved applications for years 2008 through 2010

Table Three-B: Outpatient Diagnostic Center Construction Cost PSF Years: 2012						
CON	ODC / Provider	Renovation Area	Construction Cost / sq ft			
CN09808-044	ImagDent of Memphis	1,746 SF	\$51.55/sq ft			
CN1010-046	Murfreesboro Diagnostic Imaging	9,587 SF	\$122.15/sq ft			
CN1010-047	Cleveland Imaging	911 SF	\$269.91/sq ft			
CN1103-008	E. TN Community Open MRI	795 SF	\$160.38/sq ft			
CN1110-039	St. Thomas OP Imaging	7,737 SF	\$159.69/ sq ft			

Source: HSDA Registry. CON approved ODC projects completed in 2012 (all renovation).

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for the Projected Data Chart, with notes where applicable. No Historic Data Chart is required because this service has not been offered in the past by this particular applicant (WCS, Inc.) within the Wellmont system.

PROJECTED DATA CHART -- WELLMONT CARDIOLOGY SERVICES CARDIAC PET SERVICE

Give information for the two (2) years following the completion of this proposal. 2013 APR 15 PM 3: 03 The fiscal year begins in January. Year 2014 Year 2015 Α. Utilization Data (Cardiac PET Procedures) 1,500 1,500 B. Revenue from Services to Patients 1. Inpatient Services 2. 5,517,435 5,517,435 **Outpatient Services** 3. **Emergency Services** 4. Other Operating Revenue (Specify) **Gross Operating Revenue** 5,517,435 5,517,435 **Deductions for Operating Revenue** С. 1. Contractual Adjustments 3,338,048 3,338,048 2. Provision for Charity Care 193,110 193,110 3. Provisions for Bad Debt 275,872 275,872 3,807,030 3,807,030 **Total Deductions** \$ **NET OPERATING REVENUE** 1,710,405 1,710,405 D. Operating Expenses 1. Salaries and Wages 142,000 146,260 2. Physicians Salaries and Wages 372,000 372,000 3. 588,000 Supplies 605,640 4. Taxes 5. Depreciation 92,000 92,000 6. Rent 75,000 75,000 7. Interest, other than Capital 8. Management Fees a. Fees to Affiliates 51,312 51,312 b. Fees to Non-Affiliates 80,000 80,000 9. Other Expenses (Specify) 67,500 67,500 See notes **Total Operating Expenses** 1,467,812 1,489,712 \$ E. Other Revenue (Expenses) -- Net (Specify) **NET OPERATING INCOME (LOSS)** 242,593 220,693 F. Capital Expenditures 1. Retirement of Principal 2. Interest **Total Capital Expenditures NET OPERATING INCOME (LOSS)** LESS CAPITAL EXPENDITURES 242,593 220,693

NOTES TO PROJECTED DATA CHART

D.1, Physician Salaries and Wages--\$372,000

This line item is composed of two expenses. First, as required by the accreditation agency, there will be a compensated Medical Director to provide oversight of the operation. Second, the amount includes estimated payments to the several WCS cardiologists (Board certified in Nuclear Cardiology) who will interpret the cardiac PET studies. The applicant will bill a global fee, from which the physicians will be paid for their professional interpretation.

D.8, Fees to Affiliates & Non-Affiliates--\$51,312 & \$80,000 respectively

Affiliates: Billing services by another Wellmont Health System organization will be compensated at 3% of net operating revenue (\$1,710,405).

Non-affiliates: This is for a service/maintenance agreement.

D.9, Other Expenses--\$67,500

This line item includes \$30,000 for utilities @\$20 per scan. It also includes a lump sum estimate by management, of \$25 per scan to cover administrative, coding, transcription and related costs incurred by the practice, for provision of this service.

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Nine: Average Charges, Dedu WCS Cardiac PET		arges
	CY2014	CY2015
Procedures	1,500	1,500
Average Gross Charge Per Procedure	\$3,678	\$3,678
Average Deduction Per Procedure	\$2,538	\$2,538
Average Net Charge (Net Operating Revenue)		
Per Procedure	\$1,140	\$1,140
Average Net Operating Income Per Procedure After Capital Expenditures	\$162	\$162

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

The applicant intends to keep the service's average net revenue level close to current charges at Molecular Imaging Alliance in Gray. The WCS service will have a moderate positive operating margin from its outset, and will not generate financial losses that would need to be shifted to other services and patients. The applicant will operate the scanner under its group provider number (unless required to operate it as an ODC) so that it will not have an initial cash flow issue while waiting for a new Medicare provider number. In the event it is required to open as an ODC with a new provider number, WCS and Wellmont Health System have the financial resources to carry the service until it has positive cash flow.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

The projected average gross charge for this WCS service is higher than that of the ODC in Gray in CY2012; but WCS's projected average net operating revenue (receipts), or its impact on payors, will not be higher.

Table Ten: Comparative Gross Ch	narges Per Cardiac PET Scan
Provider	Average Gross / Net Revenue
Molecular Imaging Alliance ODC, Gray	2012: \$1,764 / \$1,764
WCS at The Heart Center, Kingsport	Proposed, CY2014: \$3,678 / \$1,140
Molecular Imaging Alliance, Johnson City	Proposed, CY2014: \$3,133 / \$1,710

Source: ODC records; applicant's Projected Data Chart, this application.

The following page contains Table Eleven, a chart showing the most frequent procedures to be performed, with their current Medicare reimbursement, and their projected Years One and Two utilization and average gross charges.

	Table Eleven:		Sardiology	Services C	Wellmont Cardiology Services Cardiac PET Service	rvice		
		Cilaige Data foi Most Frequent Froceunies	OI IMOSE LE	edueiit rio	cennes			
			Av	Average Gross Charge	Charge		Utilization	
CPT or		Current Medicare						
DRG	Descriptor	Allowable	Current	Year 1	Year 2	Current	Year 1	Year 2
78492	78492 Myocardial imaging, positron emission tomography (PET),							
	penusion, multiple studies at rest and/or stress	1,099.43	3,298.29	3,133.38	3,133.38	254	1,500	1,500
78492 TC	78492 TC technical component	1,014.73	3,044.19	2,891.98	2,891.98	0		
78492 26	78492 26 professional fee	84.70	254.10	241.40	241.40	0		
								7
A9526	A9526 Nitrogen N-13 Ammonia	*Invoice Total	320.00	320.00	320.00	254	1,500	1,500
J2785	J2785 Lexiscan	53.64	160.91	160.91	160.91	254	1,500	1,500
Source:	Practice Management							PR
	*Per CAHABA - Invoice Total Required. \$160	160 each dose, 2 doses per patient = \$320	oses per patien	t = \$320				
	(Current volume conducted using a mobile PET at HVMC in CY2012)	e PET at HVMC in (CY2012)					5
								PM
								3:
								03
								}

Source:

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

The current internal need for 1,500 scans per year will assure this project of operating with a positive cash flow. See the Projected Data Chart.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

The applicant will operate the service under its group provider number, so it will not have an initial cash flow issue while waiting for a new Medicare provider number. In the event it is required to open as an ODC with a new provider number, WCS and Wellmont Health System have the financial resources to carry the service until it has positive cash flow.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

WCS participates in Medicare and in all area TennCare contracts and Virginia Medicaid. Its projected payor mix for this proposed new nuclear medicine service is 68.8% Medicare, and 3.4% TennCare. This reflects CY2012 experience with nuclear medicine imaging services at WCS. Indigent care has also been projected at 3.5% of gross charges in CY2014.

Table Twelve: Medica	are and TennCare/Medic	aid Revenues, Year One
	Medicare	TennCare/Medicaid
Gross Revenue	\$3,795,995	\$187,593
Percent of Gross Revenue	68.8%	3.4%

PROVIDE COPIES OF THE BALANCE SHEET AND INCOME C(II).10. STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE **AUDITED FINANCIAL** INSTITUTION. AND THE MOST RECENT STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility--10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

- A. A DISCUSSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.
- B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

If WCS does not acquire this equipment and relocate it to Kingsport where it can be medically supervised and highly utilized, it may lose what limited access it now has to cardiac PET imaging. The ODC in Gray is the region's only source of service. It intends to move to Johnson City, doubling the distance between Kingsport and the service. The ODC has also told its equipment leasing company that it will lease only one PET unit at the new location; and there is the possibility that it will be so busy in another few years that WCS patients will have even less access to it than today, even if they are willing to drive the extra distance into Johnson City.

It is economical to be able to acquire well-maintained cardiac PET equipment whose performance is familiar to the applicant. Alternatives on the market might not prove to be as reliable or satisfactory.

The applicant is utilizing existing office space for the project, rather than seeking expensive new construction.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AND/OR WORKING RELATIONSHIPS, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

WCS is under the organizational umbrella of the Wellmont Health System in Kingsport, with one of the State's largest tertiary hospitals only minutes away. The WCS building in Kingsport, called The Heart Center, is jointly occupied by WCS staff and staff of Holston Valley Medical Center. There is no shortage of working relationships between the applicant and any level of healthcare provider that might be needed. No emergency transfer agreement will be needed because the service will be within a medical practice with numerous physicians and nurses available as first responders to any emergency needs of the patient being scanned.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

This is not a duplicative or even a competitive project. It is only a change in location and ownership of a CON-approved cardiac PET system that has been serving the same area counties that WCS serves. The cardiac PET system's utilization will greatly increase as a result of moving north from Gray. However, all of its increased utilization will come from WCS's own internal procedure conversions and follow-up tests, not from volumes of cardiac PET performed by any other provider.

The only current or approved provider of this service in the region, Molecular Imaging Alliance, has worked closely with WCS in planning this relocation of services from Gray to the larger medical communities in Johnson City and Kingsport. Molecular does not anticipate that WCS's relocation of one of the Molecular units to Kingsport will have any detrimental impact on its cardiac PET utilization in Johnson City. Both Molecular and WCS see this as an orderly development of services that will improve patient care and will lead to much higher utilization of this specialized diagnostic service at both locations.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following page for a chart of projected FTE's and salary ranges.

The Department of Labor and Workforce Development website indicates the following Upper East Tennessee region's annual salary information for clinical employees of this project:

Table Thirte	en: TDOL Surve	yed Average Sala	ries for Upper Ea	ist Tennessee
Position	Entry Level	Mean	Median	Experienced
RN	\$38,280	\$53,160	\$48,840	\$60,600
Nuclear				
Medicine Tech	\$54,290	\$60,050	\$59,210	\$62,940

Table Fourteen- Wellmont Cardiology Services Cardiac PET Service	Imont Car	diology Ser	vices Car	diac PET Service
	Staffing	Staffing Requirements	ents	
	Current	Year One	Year Two	
Position Type (RN, etc.)	FTE's	FTE's	FTE's	Salary Range (Hourly or Annual)
Registered Nurse	0	1	7	\$22 - \$32 / Hour
Nuclear Medicine Technologist	0	1	7	\$24 - \$30 / Hour
Clerical (Reception/Front Office)	0	1	_	\$9 - \$13 / Hour
Total FTE's	0	3	3	

Source: WCS Management

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

The project requires only three additional clinical staff. The applicant manages a very large employee base and has been successful in the past in filling its positions.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies. The applicant is familiar with ODC licensing requirements.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

Wellmont Health System and Wellmont Cardiology Services support a wide variety of medical related training and educational programs. WCS physicians support the Family Medicine and Internal Medicine training program operated by East Tennessee State University. WCS also supports the rural-based, Family Medicine residency program operated by Wellmont Health System in formal collaboration with the Debusk College of Osteopathic Medicine. WCS has numerous training and educational affiliations with academic institutions throughout the southeastern U.S., which supports nursing training, imaging technologists training and the training of other allied health professionals. WCS operates a division called "Cardiovascular University" which offers hands-on training programs in Kingsport to cardiologists, vascular surgeons, nurse practitioners, physician assistants and other healthcare professionals.

PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT C(III).7(a). HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF SERVICES. AND/OR ANY APPLICABLE RETARDATION MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE RECEIVE LICENSURE, RECEIVED OR WILL APPLICANT HAS CERTIFICATION, AND/OR ACCREDITATION

LICENSURE:

Outpatient Diagnostic Facility (proposed, if required),

from Tennessee Department of Health

Radioactive Materials License

from Tennessee Department of Environment

and Conservation

CERTIFICATION:

Medicare Certification from CMS TennCare Certification from TDH

ACCREDITATION: Will seek Intersocietal Accreditation Commission (ICA)

accreditation in Nuclear Cardiology, Nuclear Medicine, and Positron Emission Tomography.

IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE C(III).7(c). LICENSING, CERTIFYING, OR STANDING WITH ANY CURRENT ACCREDITING AGENCY OR AGENCY.

The applicant's physicians are all licensed to practice medicine, by the State Board of Medical Examiners. The WCS group practice is certified for participation in Medicare and Medicaid/TennCare.

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

Not applicable to a new service.

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

PROOF OF PUBLICATION

Attached.

DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

July 24, 2013

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed	6	8/13
2. Construction documents approved by TDH	66	10/13
3. Construction contract signed	72	10/13
4. Building permit secured	74	10/13
5. Site preparation completed	na	na
6. Building construction commenced	81	10/13
7. Construction 40% complete	105	10/13
8. Construction 80% complete	121	11/13
9. Construction 100% complete	126	12/13
10. * Issuance of license (if required)	136	12/13
11. *Initiation of service	166	1/14
12. Final architectural certification of payment	256	4/14
13. Final Project Report Form (HF0055)	316	6/14

^{*} For projects that do NOT involve construction or renovation: please complete items 10-11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

INDEX OF ATTACHMENTS

2013 APR 15 PM 3: 07

A.4 Ownership--Legal Entity and Organization Papers

A.6 Site Control

B.II.E.1. Fixed Major Medical Equipment--FDA Approval Documentation

B.II.E.3 Major Medical Equipment--Vendor Quotations / Draft Leases

B.III. Plot Plan

B.IV. Floor Plan

C, Need--1.A.3. Letters of Intent

C, Need--3 Service Area Maps

C, Economic Feasibility--1 Documentation of Construction Cost Estimate

C, Economic Feasibility--2 Documentation of Availability of Funding

C, Economic Feasibility--10 Financial Statements

Miscellaneous Information

Support Letters

A.4--Ownership Legal Entity and Organizational Papers



STATE OF TENNESSEE Tre Hargett, Secretary of State

2013 APR 15 Division of Business Services 312 Rosa L. Parks Avenue 6th Floor, William R. Snodgrass Tower Nashville, TN 37243

WELLMONT CARDIOLOGY SERVICES

September 2, 2010

1905 AMERICAN WAY KINGSPORT, TN 37660 USA

BOOK 2907C PAGE 0241

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

Control #: 585936

Status:

Active

Filing Type: Corporation Non-Profit - Domestic

Document Receipt

Receipt #: 245474

Filing Fee:

\$20.00

Payment-Check/MO - CFS, NASHVILLE, TN

\$20.00

Amendment Type: Amended and Restated Formation Documents

Image #: 6763-2129

Filed Date:

09/02/2010 12:00 PM

You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee.

Tre Hargett, Secretary of State Business Services Division

Processed By: Kathy Sherrell

Sullivan County, Tenn, Register of Deeds: Received for record on the 17 day of Sep, 2010 at 08:00 AM Noted in Note Book 0096 Page 0023 Bart Suy

Register



STATE OF TENNESSER

2010 SEP -2 PH 12: 00

AMENDED AND RESTATED CHARTER OF WELLMONT CARDIOLOGY SERVICES

TRE HARGETT SECRETARY OF STATE

Pursuant to the Tennessee Nonprofit Corporation Act, the undersigned corporation adopts the following Amended and Restated Charter:

BOCK 2907C FAGE 02

ARTICLE ONE

The name of the Corporation is: Wellmont Cardiology Services (the "Corporation").

ARTICLE TWO

The Corporation is a nonprofit, public benefit corporation.

ARTICLE THREE

The period of its duration is perpetual.

ARTICLE FOUR

The Corporation is organized exclusively for charitable, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended or the corresponding provisions of any successor or subsequent federal tax law (the "Code") and under the laws of the State of Tennessee. More specifically, the Corporation is organized and shall be operated exclusively to carry out any or all of the following purposes (the "Corporation's Purposes"):

- to deliver health care and medical services, including but not limited to cardiology and cardiovascular services, to the public in the Bristol, Tennessee/Virginia, Johnson City, Tennessee, and Kingsport, Tennessee region (the "<u>Tri-Cities</u> <u>Region</u>");
- (b) to develop a system-wide approach to the delivery of cardiovascular services through a cardiovascular health management organization, and to deliver the highest value and quality of cardiovascular care within the Wellmont Health System service area;
- (c) to carry out scientific research and research projects in the public interest in the fields of medical sciences, medical economics, public health, sociology, and related areas;
- (d) to improve and develop the capabilities of individuals and institutions studying, teaching, and practicing medicine and other health care occupations;
- (e) to provide health care, medical services and health-related education for the benefit of the community, in a systematic, integrated and coordinated fashion with Wellmont Health System and its affiliates, designed to respect and protect Wellmont Health System's non-profit status, mission, and goals;

BART LONG
REGISTER OF DEED'S
SUILLIVAN COUNTY, TENN'ESSEE
17 Sep 2010 TIME 08:00 6
BOOK 2907C PAGE 0236
TAX C CF 2.06
FEE 5.50 TOTAL 7.56
RECEIPT NO. 2010-133405

STATE OF TERRESSEE

2010 SEP -2 PM 12: 00

- (f) to engage in the instruction of the general public in the areas of health, medical science, public health, and hygiene and related instruction useful to the individual in FTT and beneficial to the community; and
- (g) to conduct other activities useful or appropriate to the accomplishment of the foregoing purposes or as otherwise permitted by law.

No part of the Corporation's net earnings shall inure to the benefit of, or be distributable to, any director, officer or other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in this Article Four. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Amended and Restated Charter, the Corporation shall not carry on any activities not permitted to be carried on by (i) a corporation exempt from federal income tax under section 501(c)(3) of the Code.

ARTICLE FIVE

The street address of the registered and principal office of the Corporation is: 1905 American Way, Kingsport, Tennessee 37660, in the County of Sullivan. The name of its registered agent at such address is Gary D. Miller. Esq.

ARTICLE SIX

The Corporation shall have one member: Wellmont Health System, a Tennessee nonprofit corporation.

ARTICLE SEVEN

The Incorporator is Christopher N. Kanagawa, 800 Maryland Avenue, Suite 1190, St. Louis, Missouri 63105.

ARTICLE EIGHT

Notwithstanding any other provision of this Amended and Restated Charter, the Corporation shall not engage, participate or intervene in any activity or transaction which would result in the loss by the Corporation of its status as an organization exempt from federal income taxation under Section 501(a) of the Code, and the use, directly or indirectly, of any part of the assets of the Corporation in any such activity or transaction is expressly prohibited.

ARTICLE NINE

In the event of the dissolution of the Corporation, by lapse of time or otherwise, when it has, or is entitled to, any interest in any funds or property of any kind, real, personal or mixed, such funds or property or rights thereto shall not be transferred to private ownership, but shall be transferred to Wellmont Health System (or if Wellmont Health System is not at that time exempt from federal income taxation under section 501(c)(3) of the Code to another organization or organizations which is exempt from federal income taxation under section 501(c)(3) of the Code

STATE OF TERMESSEE

2010 SEP -2 PM 12: 00

with the same purposes as Wellmont Health System); failing which then such funds or property or rights thereto shall be charged with a charitable public trust and shall be thereafter FTT administered and applied to public charitable purposes by a trustee or trustees to be appointed STATE pursuant to law by a court of competent jurisdiction.

ARTICLE TEN

The Corporation shall indemnify and hold harmless the directors, officers and incorporators of the Corporation to the fullest extent permitted by Tennessee law as specified in the Bylaws of the Corporation. If the Act is amended or other Tennessee law is enacted to permit further elimination or limitation of the personal liability of directors, officers and incorporators, then the liability of directors, officers and incorporators of the Corporation shall be eliminated or limited to the fullest extent permitted by the Act as so amended or by such other Tennessee law as so enacted.

DULY ADOPTED by Wellmont Health System, the sole Member of the Corporation, on the 31st day of August, 2010.

STATE SEELVED 2010 SEP - 2 PM 12: 00

EXHIBIT A

AMENDED AND RESTATED CHARTER OF WELLMONT CARDIOLOGY SENVICES STATE

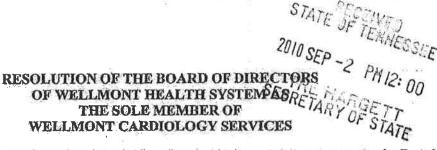
See attached.

239 .

300К 2907С PAGE 02

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-2-



At a meeting duly called on August 31, 2010 at which a quorum was present, the Board of Directors of Wellmont Health System ("WHS"), being the sole Member of Wellmont Cardiology Services, a Tennessee nonprofit corporation (the "Corporation"), adopted the following resolution.

WHEREAS, in order to receive recognition by the Internal Revenue Service as an organization exempt from income taxes as described under Section 501(c)(3) of the Internal Revenue Code (the "Code"), the Charter of the Corporation must reflect the tax-exempt purposes of the organization as previously adopted and set forth in Section 1.4 of the Bylaws of the Corporation; and

WHEREAS, the original Charter of the Corporation as filed with the State of Tennessee, was not required to include and did not include such tax-exempt purposes; and

WHEREAS, in order to allow the Corporation to seek and attain recognition as an exempt entity as described under Section 501(c)(3) of the Code, WHS seeks to adopt an Amended and Restated Charter for the Corporation reflecting the purposes of the Corporation as set forth in the Corporation's Bylaws;

WHEREAS, the Bylaws of WHS, at Article III, Section 6(a)(i), require the affirmative vote of seventy percent (70%) of the Directors then in office to approve any amendment to the Charter of any of WHS's affiliates or subsidiaries.

NOW, THEREFORE, BE IT RESOLVED, that the Amended and Restated Charter of the Corporation in the form attached hereto as <u>Exhibit A</u> is hereby adopted as the Charter of the Corporation in place of the existing Charter of the Corporation, which is hereby replaced in its entirety.

IN WITNESS WHEREOF, the Directors of Wellmont Health System, the sole member of Wellmont Cardiology Services, adopted and approved the above resolution on this 31st day of August, 2010 by the vote of 14 in favor and 0 against, those in favor representing in excess of 70% (i.e., at least 12) of the sixteen (16) Directors currently in office, as required by the Bylaws of WHS. Approval of the Amended and Restated Charter is not required by any other person or body. * One purposer obsidiating.

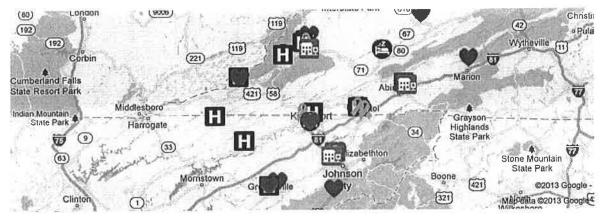
Julie . Bennett

Secretary

After Hours and Urgent Care
Cancer Institute Locations
Heart Institute Locations
Hospitals and Medical Centers
Outpatient Campuses
Sleep Evaluation Center
Locations
View Additional Facilities And
Locations



Our Facilities and Locations



View Wellmont Health System Facilities and Locations in a larger map

After Hours and Urgent Care

From sprains and strains to bumps and bruises, Wellmont Medical Associates afterand extended-hours clinics or a Wellmont Urgent Care is your best option for expert care of minor illnesses and injuries. Our emergency and urgent care teams include the best, most experienced physicians and highly trained nurses and technicians, and they're ready to assist you when you need it most.

Cancer Institute Locations

The Wellmont Cancer Institute's cancer centers and breast centers are located throughout Northeast Tennessee and Southwest Virginia and may be reached by calling Wellmont Nurse Connection at 1-877-230-NURSE (6877).

Heart Institute Locations

The Wellmont CVA Heart Institute offers consultation and testing at Wellmont Health System hospitals and office locations across Northeast Tennessee and Southwest Virginia.

Hospitals and Medical Centers

Wellmont Health System delivers superior health care with compassion at hospitals and medical centers located throughout Northeast Tennessee and Southwest Virginia.

Outpatient Campuses

Wellmont Outpatient Campuses in Abingdon, Johnson City, Kingsport and Norton offer a wide range of convenient medical services within minutes of local residents and surrounding communities in Northeast Tennessee and Southwest Virginia.

Sleep Evaluation Center Locations

Wellmont Health System's sleep evaluation centers are committed to the diagnosis and treatment of more than 85 recognized sleep disorders.

Additional Facilities and Locations

Hospitals and Medical Centers

Northeast Tennessee

Holston Valley Medical Center
Bristol Regional Medical Center
Takoma Regional Hospital
Hawkins County Memorial Hospital
Hancock County Hospital

Southwest Virginia

Mountain View Regional Medical
Center
Lee Regional Medical Center
Lonesome Pine Hospital

Besides its regional medical centers and community hospitals, Wellmont Health System includes an array of health, wellness and medical facilities throughout Northeast Tennessee and Southwest Virginia.

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1905 American Way, Kingsport, Tennessee 37650 : 423(280)820.0

A.6--Site Control

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease"), is made and entered into as of _______, 2010 (the "Effective Date") by and between THE HEART CENTER PARTNERSHIP, a Tennessee general partnership (hereinafter "Lessor") and WELLMONT HEALTH SYSTEM, a Tennessee nonprofit corporation (hereinafter "Lessee").

WITNESSETH:

1. PREMISES.

- Lessee, and Lessee hereby accepts from Lessor, those certain premises (the "Premises") depicted on Exhibit "A" attached hereto and containing approximately 49,481 rentable square feet in the building known as The Heart Center and located at 2050 Meadowview Parkway, Kingsport, Tennessee 37660 (the "Building"), which Building is situated on that certain tract or parcel of land described in Exhibit "A-1" attached hereto located in the City of Kingsport, Sullivan County, Tennessee (hereinafter sometimes called the "Land"). The Building and Land are served by that certain satellite surface parking lot (the "Satellite Parking Lot") on that certain tract or parcel of land described in Exhibit "A-2" attached hereto located in the City of Kingsport, Sullivan County, Tennessee (the "Satellite Land"). The Building, the Land, the Satellite Parking Lot and the Satellite Land are herein collectively referred to as the "Project."
- (b) Lessor hereby grants Lessee, its employees, invitees and other visitors, a nonexclusive license for the Term (as herein defined) to use (a) the parking areas, the sidewalks and other exterior common areas located on the Land and the Satellite Land, and (b) the lobbies, public corridors and other common areas of the Building shown on **Exhibit "B"** excluding the second-floor entrance and exit to the Building (collectively, the "**Public Areas**"). With respect to Lessor's ability to alter the Public Areas, Lessor covenants not to make any changes, additions or alterations that materially and adversely affect the Premises or Lessee's business therein without first obtaining Lessee's written consent. Lessor agrees that Lessee may use any building systems located in the Multi-Lessee Space (as herein defined) to the extent required for Lessee to use the Premises for the Medical Use (as herein defined).
- (c) The parties stipulate and agree that the Building consists of 58,960 square feet, the Premises consist of 49,481 square feet and Lessee's "**Pro Rata Share**" (herein so called and which is the quotient [expressed as a percentage] derived by dividing the number of rentable square in the Premises by the number of rentable square feet in the Building) is 83.9%.
- 2. **BUILDING; REPRESENTATIONS.** Lessor represents and warrants to Lessee as of the date of this Lease and throughout the Term as follows:
- (a) Lessor has full right and lawful authority to enter into this Lease for the Term, is lawfully seized of the Project and has good and valid fee simple title to the Project, free

and clear of all liens and encumbrances, except for those conditions, restrictions, obligations, rights, privileges, easements and appurtenances thereto set forth on **Exhibit "C"** attached hereto (collectively, the "**Permitted Exceptions**"). The Permitted Exceptions do not prevent the use of the Premises for the Medical Use (as herein defined).

- (b) To the Knowledge of Lessor, the Project is in compliance with all Applicable Laws, including, without limitation, building, zoning, subdivision, health and safety and other land use laws, including the ADA, and all insurance requirements affecting the Project, and the current use and occupancy of the Project do not violate any Applicable Laws (as herein defined). Lessor has not received notice of violation of any Applicable Laws. As used herein, the term "Applicable Laws" means all laws, ordinances, orders, rules, regulations and other requirements of any governmental authority which impose any duty with respect to or otherwise relate to the Project, including, without limitation, environmental laws, the ADA, all applicable building codes or ordinances, all applicable state, federal or local statutes, ordinances, orders and decrees, concerning the handling and disposal of medical waste, sharps, and all similar federal, state or local statutes, ordinances, regulations, orders and decrees, all as amended and in effect from time to time.
- (c) To the Knowledge of Lessor, all water, gas, electrical, steam, telecommunications, sewer, storm and waste water systems and other utility services or systems for the Project have been installed and are operational. Each such utility service enters the Project from an adjoining public street or valid private easement in favor of the supplier of such utility service or appurtenant to the Project.
- (d) To the Knowledge of Lessor, there is no condemnation, expropriation or other proceeding in eminent domain, pending or threatened, affecting the Project or any portion thereof or interest therein.
- (e) To the Knowledge of Lessor, there is no injunction, decree, order, writ or judgment outstanding, or any claim, litigation, administrative action or similar proceeding, pending or threatened, relating to the ownership, lease, use or occupancy of the Project or any portion thereof.
- (f) To the Knowledge of Lessor, all certificates of occupancy, permits, licenses, franchises, approvals and authorizations (collectively, the "Real Property Permits") of all governmental authorities, boards of underwriters, associations or any other entity having jurisdiction over the Project that are required or appropriate to use or occupy the Premises or operate the business of Cardiovascular Associates, P.C. ("CVA") as conducted thereon prior to the Effective Date, have been issued and are in full force and effect. Lessor has delivered to Lessee a true and complete copy of all Real Property Permits. Lessor has not received notice from any governmental authority or other entity having jurisdiction over the Project threatening a suspension, revocation, modification or cancellation of any Real Property Permit and there is no basis for the issuance of any such notice or the taking of any such action.
- (g) To the Knowledge of Lessor, the classification of each parcel of the Project under applicable zoning laws, ordinances and regulations permits the use and occupancy of such parcel and the operation of CVA's business as conducted in the Premises prior to the

Effective Date, and permits the buildings, structures, fixtures, building systems and equipment, and all components thereof, including the roof, foundation, load bearing walls and other structural elements thereof, heating, ventilation air conditioning, mechanical, electrical, plumbing and other building systems, environmental control, remediation and abatement systems, sewer, storm and waste water systems, irrigation and other water distribution systems, parking facilities, fire protection, security and surveillance systems, and telecommunications, in the Project (collectively, the "Improvements") located thereon as currently constructed, used and occupied. There are sufficient parking spaces, loading docks and other facilities at such parcel to comply with such zoning laws, ordinances and regulations. The use and occupancy of the Building or any portion thereof is not dependent on a "permitted non-conforming use" or "permitted non-conforming structure" or similar variance, exemption or approval from any governmental authority.

- (h) Lessor has not received any notice of violation of any easement, covenant, condition, restriction or similar provision in any instrument of record.
- (i) To the Knowledge of Lessor, no part of the Building encroaches on any land that is not included in the Project or on any easement affecting the Project, or violates any building lines or set-back lines, and there are no encroachments onto the Project, or any portion thereof, that would interfere with the use or occupancy of the Premises or the operation of Lessee's business in the Premises.
- (j) All taxes, assessments, fees or charges imposed on the Project or portion thereof by any governmental authority, association or other entity having jurisdiction over the Project (collectively, "Real Estate Impositions") that are due and payable have been paid. There is no pending or, to the Knowledge of Lessor, threatened increase or special assessment or reassessment of any Real Estate Impositions for the Project.
- (k) The Project is not located in a flood hazard area (as defined by the Federal Emergency Management Agency).
- (1) Lessor has not leased or otherwise granted to any person the right to use or occupy the Premises or any portion thereof.
- (m) There are no outstanding options, rights of first offer or rights of first refusal to purchase the Project or any portion thereof or interest therein.
- (n) The Project has direct vehicular and pedestrian access to a public street adjoining the Project, or has vehicular and pedestrian access to a public street via an insurable, permanent, irrevocable and appurtenant easement benefiting the Project, and such access is not dependent on any land or other real property interest that is not included in the Project. None of the Improvements or any portion thereof is dependent for its access, use or operation on any land, building, improvement or other real property interest that is not included in the Project.
- (o) To the Knowledge of Lessor, the components of the Building that are to be maintained by Lessee in accordance with Section 10(a) below are in good operating condition and repair. None of such components are subject to deferred maintenance and none are in need

of any maintenance, repair or replacement, except for ordinary routine periodic maintenance of the kind usually required from time to time at similar facilities.

(p) As used in this Lease, the term "Knowledge" shall mean the actual knowledge after a reasonable investigation of Tim Attebery, Harrison Turner, MD, Gerald Blackwell, MD, John Bertuso, Mark Borsch, Tom Bulle, Clair Hixson, Greg Jones, and Keith Kramer.

3. TERM.

- (a) This Lease shall be for an initial term (the "Initial Term") of one hundred twenty (120) months and shall commence on the Effective Date and expire on the tenth (10th anniversary of the Effective Date, unless sooner terminated pursuant to the terms of this Lease. The Initial Term as extended by any Extension Terms (as herein defined) is sometimes referred to collectively herein as the "Term".
- (b) So long as Lessee is not in default of this Lease beyond applicable notice and cure periods, Lessee shall have the option and right, but not the obligation, to extend the term of this Lease for two (2) periods of five (5) years each (each, an "Extension Term" and collectively the "Extension Terms"), commencing immediately following the expiration of the then current Term. Lessee may exercise its right to extend the term of this Lease for the Extension Terms by delivering written notice (an "Extension Notice") thereof to Lessor no less than six (6) months and no more than twelve (12) months before the expiration of the then current term of this Lease. Lessee's lease of the Premises during the Extension Terms shall be on all of the same terms and conditions of this Lease, except that the Annual Rent payable by Lessee during each Extension Term shall be the Fair Market Rental Rate determined pursuant to the procedures set forth in Exhibit "D" attached hereto; provided, however, that on the third (3rd) and fourth (4th) anniversaries of the commencement of each Extension Term, if any, Annual Rent shall increase or decrease at an annual rate equal to the CPI Rate (as defined below) in accordance with the procedures set forth in Section 4 below.
- (c) Notwithstanding anything in this <u>Section 3</u> to the contrary, (i) the Term shall in all events be at least one (1) year from the Effective Date, and (ii) if this is Lease is terminated, with our without cause, before the first anniversary of the Effective Date, then Lessor and Lessee shall not enter into a new agreement with respect to Premises until after the first anniversary of the Effective Date. The preceding sentence shall survive any termination of this Lease on or before the first anniversary of the Effective Date.

4. RENT.

(a) As consideration for Lessee's lease of the Premises pursuant to this Lease, Lessee promises to pay Lessor, at the office of Lessor or at such places as Lessor may direct, in lawful money of the United States, annual rental ("Annual Rent") for the first three (3) years of the Term at the rate of \$19.20 per square foot of space in the Premises. Based upon total rentable area of 49,481 rentable square feet, Lessee shall pay such Annual Rental of \$950,035.20 at the rate of \$79,169.60 per month, due and payable in advance on or before the first day of each calendar month beginning with the Effective Date. On the third (3rd) and fourth (4th)

anniversaries of the Effective Date, Annual Rent shall increase or decrease, as applicable, to an amount equal to (i) the Annual Rent for the immediately preceding year, multiplied by (ii) an amount equal to 1 plus the CPI Rate (expressed in decimals). For illustrative purposes only, if the CPI Rate for the year commencing on the third (3rd) anniversary of the Effective Date was a positive 3%, then the Annual Rent for the fourth (4th) year of the Initial Term would be \$19.78 per square foot of space in the Premises (i.e., \$19.20 * [1.00 + 0.03] = \$19.78); if the same CPI Rate decreased by 3%, then the same Annual Rent would be \$18.62 (i.e., \$19.20 * [1.00 + -0.03]= \$18.62). Lessor shall notify Lessee of any change by delivering a written statement setting forth the Index for the Base CPI Month, the Index for the applicable Comparison CPI Month, the percentage increase or decrease between those two Indices, and the adjusted Annual Rent payable by Lessee. The "CPI Rate" as used herein means the annual percentage increase in the Index (as defined below), if any, which has occurred between the last full calendar month for which the Index is available (the "Comparison CPI Month") and the same month one year prior to the Comparison CPI Month (the "Base CPI Month"). The term "Index" means the United States Department of Labor, Bureau of Labor Statistics, for All Urban Consumers (CPI-U), U.S. City Average, 1982-84 = 100. If the format or components of the Index are materially changed after the execution of this Lease, Lessor and Lessee shall agree on a substitute index to be used to calculate the adjusted Annual Rent during the applicable years of the Term which is published by the Bureau of Labor Statistics or similar agency and which is reasonably equivalent to the Index in effect on the date of this Lease.

- (b) Annual Rent for the portion of the Initial Term beginning on the fifth (5th) anniversary of the Effective Date and ending on the day before the eighth (8th) anniversary of the Effective Date will be the Fair Market Rental Rate as of the fifth (5th) anniversary of the Effective Date determined in accordance with the procedures set forth in **Exhibit "D"** attached hereto. On the eighth (8th) and ninth (9th) anniversaries of the Effective Date, Annual Rent shall increase or decrease to an amount equal to (i) the Annual Rent for the immediately preceding year, multiplied by (ii) an amount equal to 1 plus the CPI Rate (expressed in decimals). Lessor shall notify Lessee of any increase or decrease by delivering a written statement setting forth the Index for the Base CPI Month, the Index for the applicable Comparison CPI Month, the percentage change between those two Indices, and the adjusted Annual Rent payable by Lessee.
- (c) Lessee shall pay Lessee's Pro Rata Share of Expenses in accordance **Exhibit "E"** attached to this Lease.
- (d) Lessee shall pay Lessee's Pro Rata Share of Taxes within thirty (30) days after Lessee receives from Lessor invoices for Taxes along with supporting evidence.
- (e) Lessee shall pay Lessee's Pro Rata Share of the premiums for the Lessor's Insurance within thirty (30) days after Lessee receives from Lessor invoices for the premiums for the Lessor's Insurance along with supporting evidence.
 - (f) Rent for any partial month during the Term shall be prorated.
- 5. USE OF PREMISES. The Premises may be used and occupied by Lessee for medical, surgical, health care and other services offered by Lessee or Wellmont Cardiology Services, a Tennessee nonprofit corporation ("WCS"), for ancillary medical, surgical, laboratory

and diagnostic facilities and for administrative and supportive purposes (collectively, the "Medical Use"), and for any other uses approved by Lessor and permitted by Applicable Laws. Lessee shall at all times fully and properly comply with all Applicable Laws of every lawful authority applicable to Lessee's business conducted in the Premises; provided, however, that Lessor shall be responsible for (i) curing any non-compliance with Applicable Laws existing as of the Effective Date, and (ii) making any changes to the Structural Elements (as defined below) to comply with any Applicable Laws, so long as such change is not made necessary as a result of Lessee's particular use of the Premises. Lessee shall have access to the Premises and the Public Areas 24 hours a day, 365 days a year.

- 7. **DISPLAY OF SIGNS.** Lessee shall have the right, to erect in or on the Project such interior and exterior sign or signs, and to modify any existing signage on or about the Project, provided that (a) Lessee shall obtain Lessor's prior written consent as to the location of any new exterior signage (otherwise, Lessee is not required to obtain Lessor's prior written consent), and (b) Lessee shall ensure that any sign complies with Applicable Laws. Within six (6) months after the Effective Date, Lessee shall change its signage on the monument sign outside the second floor entrance to the Building so that it redirects Lessee's patients and vendors to Lessee's first floor entrance. In no event may Lessor or any third party use Lessee's name unless such use is for the purpose of location and Lessee has given its prior written consent to the same.
- ASSIGNMENT AND SUBLETTING. Lessee shall not assign this Lease or any interest herein without first obtaining Lessor's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the limitation set forth in the preceding sentence to the contrary, Lessee may, without Lessor's prior written consent, do any of the following: (i) assign this Lease in its entirety to any entity in which or with which Lessee, its successors or assigns, is merged, consolidated or reorganized, so long as such assignee owns all of Lessee's stock or substantially all of Lessee's assets; (ii) assign this Lease in its entirety to any entity succeeding to substantially all of the assets of Lessee; and (iii) assign this Lease in its entirety to an entity controlled by Lessee or WCS, or which controls Lessee or WCS, or which is under common control with Lessee or any affiliate of Lessee, including WCS. Lessor's consent to a particular assignment or sublease shall not be a consent to any subsequent assignment sublease. Furthermore, Lessee may, without Lessor's prior written consent, sublease all or any portion of the Premises, so long as such sublessee is expressly prohibited from using the

Premises for any purpose other than the Medical Use. Regardless of whether Lessor's consent is required, all such assignments or subleases shall expressly prohibit the assignee or subleasee from using any portion of the Premises for (1) a sleep lab so long as the Sleep Lab Existing Lease (as herein defined) is in full force and effect, (2) a durable medical equipment facility so long as the DME Existing Lease (as herein defined) is in full force and effect, or (3) a pulmonary medical practice so long as the Pulmonary Existing Lease (as herein defined) is in full force and effect. No assignment or sublease shall release Lessee from its obligations under this Lease. Any unauthorized assignment shall be voidable at Lessor's option.

9. ALTERATIONS AND IMPROVEMENTS.

- (a) Subject to Lessee's right to make Permitted Alterations (as herein defined) without Lessor's prior written consent, Lessee shall make no alterations or improvements to the Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. Lessor shall respond to a request by Lessee to approve alterations or improvements within thirty (30) days after Lessee delivers such request together with all materials required therewith and failure to respond in writing within such thirty (30) day period shall be deemed Lessor's approval of such alterations and improvements.
- (b) Notwithstanding the limitation set forth in subsection (a) above, Lessee may, without Lessor's prior consent, from time to time make alterations and improvements to the Premises, so long as such alterations and improvements do not materially and adversely impact the Structural Elements or the Building systems (other than those systems for which Lessee is responsible for maintenance). The additions, alterations improvements or other modifications permitted pursuant to the preceding sentence are herein collectively referred to as "Permitted Alterations".
- (c) Lessor may condition any consent to Lessee's alterations on Lessee's removal of such alterations at the expiration or earlier termination of this Lease, and Lessee shall comply with any such condition, provided that such condition is delivered by Lessor to Lessee in writing at the time Lessor approves the alterations. Otherwise, Lessee may, but is not obligated to, remove any alterations and improvements constructed or placed on the Premises by Lessee, but Lessee must repair any damage to the Premises caused by such removal. All alterations and improvements built, constructed or placed on the Premises by Lessee and left upon the Premises at the end of the Term in accordance with this Lease shall, unless otherwise provided by written agreement between Lessor and Lessee, be the property of Lessor.
- (d) Notwithstanding anything contained in subsection (a) above, to the contrary, before approving any alterations, additions or modifications for which Lessor's consent is required, Lessor may require Lessee to furnish it with (i) plans and specifications detailing the work to be completed, (ii) the names and addresses of the contractors to complete such work and copies of the contracts entered into with such contractors, (iii) all permits necessary for the construction of such alterations, additions or modifications, and (iv) evidence of any insurance reasonably requested by Lessor in connection with such alterations, additions and modifications, which insurance shall name Lessor and any fee mortgagee as additional insureds.

- (e) All construction work done by Lessee within or upon the Premises shall be performed in a good and workmanlike manner, in compliance with all governmental requirements, and the requirements of any contract, mortgage or deed of trust to which Lessor may be a party and in such manner as to cause a minimum of interference with other construction in progress.
- (f) Lessee will not, directly or indirectly, create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, encumbrance or charge on, pledge of or conditional sale or other title retention agreement with respect to, the Premises or any part thereof or Lessee's interest therein or the Annual Rent or other sums payable by Lessee under this Lease, other than a fee mortgage. Nothing contained in this Lease shall be construed as constituting the consent or request, expressed or implied, by Lessor to the performance of any labor or services or of the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to the Premises or any part thereof by any contractor, subcontractor, laborer, materialman or vendor. Notice is hereby given that Lessor will not be liable for any labor, services or materials furnished or to be furnished to Lessee, or to anyone holding the Premises or any part thereof, and that no mechanic's or other liens for any such labor, services or materials shall attach to or affect the interest of Lessor in and to the Premises.
- (g) Other than Permitted Alterations, Lessee agrees that all improvements, alterations, repairs or other work performed upon the Premises under any provision of this Lease, including, without limitation, any venting, opening, sealing, water proofing or any altering of the roof of the Building, shall be performed under the direction of a general contractor approved by Lessor in advance and that when completed Lessee shall furnish to Lessor a certificate from such contractor stating that all such alterations approved by Lessor have been completed in accordance with plans and specifications previously approved by Lessor. Without limiting the foregoing, the plans and drawings for installation or revision of mechanical, electrical or plumbing systems shall be designed by an engineer approved by Lessor in advance, such design work to be done at Lessee's expense.
- (h) Lessor shall, at Lessee's request, install additional firewalls and penetration proofing needed to reconfigure the Premises. Lessor shall pay for up to \$10,000 of the cost of such additional firewalls and penetration proofing, and Lessee will be reimburse Lessor for the cost in excess of \$10,000, which amount shall be due and payable within thirty (30) days of Lessor's delivery of written proof of the payment of such amounts.

10. MAINTENANCE AND REPAIR.

- (a) Lessee shall, at all times, maintain the Premises in a clean and safe condition and free from any dangerous condition, nuisance, or waste. Lessee shall dispose of all biohazards in accordance with normally accepted procedures and all Applicable Laws. Notwithstanding anything in this Lease to the contrary, Lessee shall be obligated to repair, replace and maintain the following in good working order, condition and repair, ordinary wear and tear excepted: (i) the interior portions of the Premises, including the elevator and the internal stairwell,; (ii) the electrical, mechanical, sprinkler, fire and life safety and security systems serving solely the Premises; and (iii) filling pot-holes in and re-striping the parking lots.
- Notwithstanding anything in this Lease to the contrary, Lessor shall be obligated ("Lessor's Maintenance Obligation") to do the following: (i) repair replace and maintain the following in good working order, condition and repair, ordinary wear and tear excepted: (a) the structural components of the Improvements, including, without limitation, the roof of the Building and roof membrane the foundation and floor slab of the Building and the load bearing exterior walls of the Building (collectively, the "Structural Elements"); (b) the electrical, mechanical, vertical transportation, sprinkler, fire and life safety, security, heating, ventilation and air conditioning system, including pipes, wiring, cabling, ducts and conduits forming an integral part of such systems, so long as such systems, serve both the Bremises and other portions of the Project; (c) the heating, ventilation and air conditioning systems serving the Project, including without limitation, the water cooling tower, (d) the Public Areas, and (e) repaving the parking areas. In no event shall Lessor be obligated to repair or replace any portion of the Premises pursuant to this Section 10(b) if the need for such repair or replacement is the result of the negligence or willful misconduct of Lessee or its employees, agents, contractors, licensees or invitees. Lessor shall perform Lessor's Maintenance Obligation in accordance with other projects of similar nature and age to the Project.
- (c) In the event that either party becomes aware of the need for any alteration, repair or replacement included in the other party's maintenance obligations, it shall give written notice thereof, specifying in reasonable detail the needed alteration, repair or replacement. Each party covenants and agrees to make, or for those items that reasonably will take longer, commence and diligently pursue to completion, all such alterations, repairs and replacements within thirty (30) days following such written notice. In the event either party fails to make any alterations, repairs and replacements within said thirty (30) day period or to commence such alterations, repairs and replacements and diligently pursue them to completion in the case of alterations, repairs and replacements that cannot be completed within said period, the non-defaulting party shall be permitted to make such alterations, repairs and replacements and bill the defaulting party for the costs of the same. In the event of an emergency, the non-defaulting party shall attempt to provide the defaulting party with prompt notice, but shall be permitted to make necessary alterations, repairs and replacements and bill the defaulting party for the costs of the same, together with interest thereon at a rate of interest equal to 1% plus the New York prime rate or base rate (whichever is higher), as such rate is quoted in *The Wall Street Journal*.
- 11. UTILITIES; SERVICES. Lessor shall contract for the utilities to be provided to the Project directly with the providers thereof, including the Premises and the Multi-Lessee Space (as herein defined). Lessee shall reimburse Lessor for any electricity costs attributable to

CT scans and nuclear scans within thirty (30) days of written notice of such costs, together with reasonable evidence of same. Lessee shall pay Lessee's Pro Rata Share of all other utility costs within thirty (30) days of written notice from Lessor, together with reasonable evidence of such costs. The methodology for reimbursement of such utilities is described more particularly in Section 4 of Exhibit "E" attached hereto.

PAYMENT OF TAXES. Lessor shall, subject to reimbursement pursuant to Section 4(d) hereof, pay and discharge all taxes, assessments, penalties, charges, rates, or liens of any nature whatsoever, whether ad valorem or otherwise, that may, for the period following commencement of the active term of this Lease, be levied, assessed, charged, imposed, or claimed on or against the Project or any improvements or fixtures thereon or appurtenances thereto, or any part thereof, or against the Lessor or any subsequent owner or owners of the Project or the improvements, by reason of such ownership, by whatsoever authority levied, assessed, charged, imposed or claimed (collectively, "Taxes"). In the event the Project is appraised, reappraised, assessed, reassessed or otherwise valued, revalued, classified or reclassified for tax purposes, Lessor shall notify Lessee in writing of such circumstance and Lessee shall be entitled to participate with Lessor at its sole cost and expense in, or to initiate, any contest, appeal or other legal or administrative process or procedure available to challenge or question the propriety of such action. Taxes shall not include any income, franchise, capital levy, transfer, capital stock, gift, estate or inheritance tax. If a reduction in Taxes is obtained for any year of the Term during which Lessee paid Lessee's Pro Rata Share of any Taxes, then Taxes for that year will be retroactively adjusted and Lessor shall provide Lessee with a credit, if any, based on the adjustment or in the event the Term has expired or otherwise terminated, pay such credit to Lessee within thirty (30) days after its receipt of the tax refund. The obligations set forth in this Section 12 shall survive the expiration or earlier termination of the Lease.

13. INDEMNIFICATION AND INSURANCE.

- (a) Subject to Section 13(g) hereof, Lessor shall not be liable for any damage to property or person by reason of Lessee's occupancy of the Premises, and Lessee agrees to indemnify, defend and save Lessor harmless from (i) all claims for damages to property or person occurring in or on the Premises, except to the extent caused by the negligence or willful misconduct of Lessor, its agents, contractors, employees or licensees, (ii) any breach by Lessee of this Lease, and (iii) all claims to the extent caused by the gross negligence or willful misconduct of Lessee, its agents, contractors, employees or licensees.
- (b) Subject to Section 13(g) hereof, Lessor agrees to indemnify, defend and save Lessee harmless from (i) any breach by Lessor of this Lease, and (ii) all claims to the extent caused by the gross negligence or willful misconduct of Lessor, its agents, contractors, employees or licensees.
- (c) Lessee agrees that it will produce and keep in force commercial general liability insurance against claims for damages to person or property occurring on, in or about the Premises, if any, of at least Two Million Dollars (\$2,000,000) single limit with respect to bodily injury or death to any one person, at least Three Million Dollars (\$3,000,000) with respect to any one accident, and at least One Million Dollars (\$1,000,000) with respect to property damage, such insurance to include full coverage of the indemnity set forth in this Section. Lessee shall

also maintain in force an "umbrella" or excess policy of liability insurance having limits of at least Three Million Dollars (\$3,000,000) in excess of the limits of liability insurance required above. The policy for excess liability insurance required by this Lease shall name Lessor and any fee mortgagee as additional insureds, as their respective interests may appear. Lessee shall have the right to self-insure or use such alternative risk management programs it elects to satisfy Lessee's insurance requirements.

- (d) Lessor shall, during the full term of this Lease, at its expense (subject to inclusion of the premiums in Expenses), keep all Improvements on the Project insured against loss or damage by fire, vandalism, accident or other damage, to the extent of the full insurable value thereof, including all improvements, alterations, additions, and changes to the Project (herein, the "Property Insurance"). Ressor agrees that it at Lessor's sole cost and expense but subject to reimbursement by Lessee of Lessee's Pro Rata Share thereof, will produce and keep in a force commercial general liability insurance, against claims for damages to person or property occurring on, in or about the Project, of at least Two Million Dollars (\$2,000,000) single limit with respect to bodily injury or death to any one person, at least Three Million Dollars (\$3,000,000) with respect to any one accident, and at least One Million Dollars (\$1,000,000) with respect to property damage, such insurance to include full coverage of the indemnity set forth in this Section (herein, the "Liability Insurance" and collectively with the Property Insurance, the "Lessor's Insurance").
- (e) If either party to this Lease shall fail to maintain the coverages required by this Section (the "Failing Party"), the other party (the "Obtaining Party") may, without notice to the Failing Party, renew or procure such insurance. The Obtaining Party shall give notice to the Failing Party that the Obtaining Party has renewed or procured the insurance and shall state the amount of the premiums that the Obtaining Party has paid for such insurance. The Failing Party shall then pay to the Obtaining Party, within thirty (30) days after receipt of the notice, all premiums paid by the Obtaining Party, together with interest thereon at a rate of interest equal to 1% plus the New York prime rate or base rate (whichever is higher), as such rate is quoted in *The Wall Street Journal*.
- (f) Lessee shall have the right to request a review by Lessor of the Property Insurance costs and coverages required of Lessor to determine whether policies of Property Insurance meeting all of the requirements of this Lease can be obtained at a lower premium designated by Lessee. Lessor shall provide Lessee with a written summary of the results of such review. In the event that Lessor can obtain Property Insurance at a substantially lower cost Lessor agrees to take commercially reasonable steps to obtain Property Insurance at such lower costs.
- (g) Lessee and Lessor release, relieve and waive their respective entire right of recovery against the other for loss or damage arising out of or incident to any loss or damage by fire, vandalism, accident or other damage or pursuant to any loss covered (or that would have been covered if the required insurance had been carried) under the insurance coverages required hereunder, that occur in, on or about the Project, whether caused by the negligence of either Lessor or Lessee, their agents, employees, invitees, or otherwise. Lessee and Lessor shall obtain from there respective insurer provisions permitting waiver of their right of subrogation and the

waiver of any claim against Lessor or Lessee, as the case may be, for loss or damage within the scope of such policies.

- **RIGHT OF INSPECTION.** Lessor and its agents, after no less than forty-eight (48) hours' prior written notice given to Lessee, shall have the right at all reasonable times during the term of this Lease and any renewal thereof, to enter the Premises for the purposes of inspecting the Premises. Lessee shall have the right to require that Lessee's representative accompany Lessor in the Premises. Lessor acknowledges that Lessee may be subject to the provisions of the Health Insurance Portability and Accountability Act of 1996 and related regulations ("HIPAA"), and that HIPAA requires Lessee to ensure the safety and confidentiality of patient medical records. Lessor further acknowledges that, in order for Lessee to comply with HIPAA, Lessee must restrict access to the portions of the Premises where patient medical records are kept or stored. Lessor hereby agrees that, notwithstanding the rights granted to Lessor pursuant to this Lease, except for an emergency entry into the Premises taken pursuant to this Lease or when accompanied by an authorized representative of Lessee, and then only in compliance with HIPAA and all other Applicable Laws, neither Lessor nor its employees, agents, representatives or contractors shall be permitted to enter those areas of the Premises designated by Lessee as locations where patient medical records are kept and/or stored or such other areas required to be secured by Lessee pursuant to HIPAA or other Applicable Laws.
- HOLDOVER BY LESSEE. Should Lessee remain in possession of the Premises with the consent of Lessor after the natural expiration of this Lease, a new tenancy from month to month shall be created between Lessor and Lessee which shall be subject to all terms and conditions hereof, but shall be terminable on thirty (30) days' written notice served by either Lessor or Lessee on the other party. In the event that Lessee remains in possession of the Premises after the expiration of the Term of this Lease, without the consent of Lessor but is engaged in good faith negotiations with Lessor for a new lease or extension, Lessee shall be deemed to be occupying the Premises as a Lessee from month to month, subject to all of the terms of this Lease as may be applicable to a month-to-month tenancy, and at the Annual Rent and other charges provided for in the last preceding year, prorated on a monthly basis. If, however, Lessee has no agreement and is not negotiating with Lessor in good faith, or if Lessor has notified Lessee in writing that it is unwilling to negotiate with Lessee for a new lease, Lessee shall pay as Annual Rent an amount equal to one hundred twenty-five percent (125%) of the Annual Rent provided for in the last preceding year, plus all additional amounts due hereunder. Nothing contained herein shall require either Lessor or Lessee to engage in such negotiations. Notwithstanding anything in this Section 15 to the contrary, in no event shall any holdover tenancy exist for longer than six (6) months after the termination or expiration of the Term of this Lease.
- 16. SURRENDER OF PREMISES. At the expiration of the Lease Term, Lessee shall quit and surrender the Premises hereby demised in substantially the same state and condition as they were at the commencement of this Lease, reasonable use and wear thereof, damages by casualty, condemnation and Lessor's Maintenance Obligations excepted. Upon termination, Lessee shall surrender to Lessee all keys to the Premises.

17. LESSEE DEFAULT.

- (a) Any of the following occurrences or acts (after the expiration of the applicable notice specified below is received by Lessee and the applicable cure period specified below has expired) shall constitute a Lessee event of default under this Lease:
- (i) Lessee shall fail to make any payment when due of Annual Rent, or other sums herein required to be paid by Lessee hereunder and such failure continues for ten (10) days after Lessor has given notice to Lessee thereof; provided, if in any calendar year, Lessor has on two (2) or more occasions, given Lessee notice of Lessee's failure to timely pay rental hereunder, then during the remainder of such calendar year, if Lessee again fails to pay rent within ten (10) days after its due date, such failure shall be a default hereunder, without the necessity of giving Lessee any further notice of default or opportunity to cure such default.
- (ii) Lessee shall fail to observe or perform any other provision or obligation hereof and such failure continues for thirty (30) days after Lessor has given notice thereof to Lessee; provided, that in the event of such default cannot with diligence be cured within such thirty (30) day period, if Lessee shall proceed promptly and continuously to cure the same and thereafter shall prosecute the curing of such default with diligence, the time within which such failure may be cured shall be extended for such period as may be necessary to complete the curing of the same with diligence, provided further, that upon request by Lessor, Lessee shall from time to time sign and deliver to Lessor a certificate stating the reason such default cannot be cured within thirty (30) days and stating that Lessee is proceeding with due diligence to cure such default.
- (iii) Any representation or warranty of Lessee set forth in any notice, certificate, demand, request or other instrument delivered pursuant to, or in connection with this Lease shall either prove to be false or misleading in any material respect as of the time when the same shall have been made and Lessee knew of the falsity or misleading nature.
- (iv) Lessee shall (A) apply for or consent to the appointment of, or the taking of possession by, any receiver, custodian, trustee, United States Trustee or liquidator (or other similar official) of the Premises or any part thereof or of any substantial portion of Lessee's property, or (B) make a general assignment for the benefit of its creditors, or (C) file petition commencing a voluntary case under or seeking to take advantage of any Federal Bankruptcy Code or any other federal or state law (as now or hereafter in effect) relating to bankruptcy, insolvency, reorganization, winding-up or adjustment of debts (hereinafter collectively called "Bankruptcy Law"), or (D) take any action in furtherance of any of the foregoing.
- (v) If an order for relief against Lessee shall be entered in any involuntary case under the Federal Bankruptcy Code or any similar order against Lessee shall be entered pursuant to any other Bankruptcy Law, or if a petition commencing an involuntary case against Lessee or proposing the reorganization of Lessee under any Bankruptcy Law shall be filed and not be discharged or denied within sixty (60) days after such filing (or such longer period of time as may be reasonably necessary, in Lessor's reasonable discretion, to obtain such discharge or denial and Lessee is pursuing same with diligence), or if a proceeding or case shall be commenced in any court of competent jurisdiction seeking (A) the liquidation, reorganization,

dissolution, winding-up or adjustment of debts of Lessee, or (B) the appointment of a receiver, custodian, trustee, United States Trustee or liquidator (or any similar official) of the Premises or any part thereof or of Lessee or of any substantial portion of Lessee's property, or (C) any similar relief as to Lessee pursuant to any Bankruptcy Law, and any such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect for sixty (60) days (or such longer period of time as may be reasonably necessary, in Lessor's sole discretion, to obtain such stay and Lessee is pursuing same with diligence).

- (b) Upon the occurrence of any Event of Default, Lessor shall have the option to pursue any one or more of the following remedies:
- (i) Terminate this Lease by notice to Lessee, in which event Lessee shall immediately surrender the Premises to Lessor, and if Lessee fails to do so, Lessor may, without prejudice to any other remedy which Lessor may have under this Lease or applicable law, enter upon and take possession of the Premises and expel or remove Lessee and any other persons who may be occupying the Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim of damages therefor so long as the same is done in compliance with all Applicable Laws.
- (ii) Enter upon and take possession of the Premises and expel or remove Lessee and other person(s) who may be occupying the Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim for damages therefor so long as the same is done in compliance with all Applicable Laws, and no such action by Lessor shall be construed as an election on Lessor's part to terminate the Term of this Lease unless a written notice of such intention is given to Lessee as provided in subsection (i) above.
- (iii) At any time or from time to time after the repossession of the Premises or any part thereof pursuant to subsection (ii), above, whether or not the Term of this Lease shall have been terminated pursuant to subsection (i), above, Lessor shall hire a leasing broker and install commercially reasonable leasing signage in an effort to relet the Premises or any part thereof for the account of Lessee, in the name of Lessee or Lessor or otherwise, without notice to Lessee, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term of this Lease) and on such conditions (which may include concessions or free rent) and for such uses that Lessor, in its sole and absolute discretion, may determine, and Lessor may collect and receive any rents payable by reason of such reletting, and such rents so received shall first be applied to additional costs incurred by Lessor in reletting (including tenant finish expenses incurred by Lessor in preparing the Premises for a new tenant), provided that such costs will be amortized over the term of such new lease in the event the term is longer than the Term of this Lease at the time of termination, and then credited against amounts otherwise owed to Lessor hereunder. Lessor shall not be responsible or liable for any failure to relet the Premises or any part thereof or for any failure to collect any rent due upon any such reletting, so long as Lessor performs the re-letting efforts specified above.
- (iv) No termination of this Lease pursuant to subsection (i), above, by operation of law or otherwise, and no repossession of the Premises or any part thereof pursuant

to subsection (ii), above, or otherwise, and no reletting of the Premises or any part thereof pursuant to subsection (iii), above, shall relieve Lessee of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or reletting.

In the event of any such termination or repossession, Lessee will pay to Lessor the Annual Rent and all other sums required to be paid by Lessee to and including the date of such termination or repossession and, thereafter, Lessee shall, until the end of what would have been the Term of this Lease in the absence of such termination or repossession, and whether or not the Premises or any part thereof shall have been relet, be liable to Lessor for, and shall pay to Lessor (A) the Annual Rent and all other sums which would be payable under this Lease by Lessee in the absence of such termination or repossession, less (B) the net proceeds, if any, of any reletting effected for the account of Lessee pursuant to subsection (iii), above, after deducting from such proceeds all Lessor's expenses incurred in connection with such reletting (including, without limitation, all repossession costs, new tenant finish-out expenses, brokerage commissions, legal expenses, attorneys' fees and employees' expenses), provided that such expenses will be amortized over the term of such new lease in the event the term is longer than the Term of this Lease at the time of termination. Lessee will pay such current damages on the days on which the Annual Rent would have been payable under this Lease in the absence of such termination or repossession, and Lessor shall be entitled to recover the same from Lessee on each such day.

(vi) In the event of any termination of this Lease by Lessee pursuant to a right granted by this Lease or by operation of law, Lessee's liability for the payment and performance of all covenants, debts, indemnities and other obligations of Lessee under this Lease accrued through the date of termination shall be unaffected by such termination and shall be enforceable against Lessee in the same manner as if this Lease continued to be in full force and effect.

(vii) No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute, unless expressly excluded by the terms of this Lease. The failure of Lessor to insist at any time upon the strict performance of any covenant or agreement or to exercise any option, right, power or remedy contained in this Lease shall not be construed as a waiver or a relinquishment thereof for the future. A receipt by Lessor of any Annual Rent or any other sum payable hereunder with knowledge of the breach of any covenant or agreement contained in this Lease shall not be deemed a waiver of such breach, and no waiver by Lessor of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Lessor. In addition to other remedies provided in this Lease, Lessor shall be entitled, to the extent permitted by applicable law, to injunctive relief in case of the violation, or attempted or threatened violation, of any of the covenants, agreements, conditions or provisions of this Lease, or to decree compelling performance of any of the covenants, agreements, conditions or provisions of this Lease, or to any other remedy allowed to Lessor at law or in equity.

18. LESSOR DEFAULT.

- It is mutually agreed that if Lessor shall be in default in performing any of the terms and provisions of this Lease, and fails to cure such default within thirty (30) days after the date of receipt of a written notice of default from Lessee (provided, if any such default cannot reasonably be cured within thirty (30) days then Lessor shall not be deemed to be in default if Lessor commences to cure such default within a reasonable time not to exceed thirty (30) days and for as long as Lessor is diligently prosecuting the cure thereof); then, and in any of said events, Lessee, at Lessee's option, shall have the right to exercise such rights and remedies as are available under the law or in equity to cure and/or remedy Lessor's default or otherwise compensate Lessee therefor, including, without limitation, all rights and remedies expressly set forth in this Lease. If Lessee provides Lessor with a second notice of default and notice of its intent to terminate this Lease and such default remains unremedied for an additional cure period of thirty (30) days, Lessee may cancel and terminate this Lease and all right, title, and interest of Lessee hereunder, shall terminate in the same manner and with the same force and effect, except as to Lessee's and Lessor's, as the case may be, liability hereunder for any breaches hereunder or for the performance of any indemnities or other continuing responsibilities, as of the date fixed in the notice of cancellation and termination was the end of the Term herein originally determined.
- (b) Payment of rent with knowledge of default by the Lessor shall not be construed as a wavier of any such default by Lessee and shall not be construed as a waiver of any rights or remedies available to Lessee. Failure by Lessee to enforce any other provisions hereunder for any length of time shall not be deemed a waiver of Lessee's rights set forth in this Lease, but such waiver may only be made by instrument in writing and signed by the Lessee.
- (c) Lessee shall have such other rights and remedies as are available under the law or in equity to cure and/or remedy Lessor's default or otherwise compensate Lessee therefor, including, without limitation, (i) the right to cure such default on Lessor's behalf and at Lessor's sole cost and expense, and to offset rent to the extent Lessor does not reimburse Lessee for such costs within thirty days of written demand for reimbursement, which offset shall not exceed in any one month fifty percent (50%) of the monthly installment of Annual Rent, and (ii) all other rights and remedies set forth in this Lease.
- (d) Without limiting any of Lessee's rights and remedies under this Lease, at law or in equity and notwithstanding anything in this Lease to the contrary, if the Premises or any part thereof shall become untenantable for at least three (3) consecutive days as a result of Lessor's failure to perform its duties under this Lease or to otherwise comply with the terms of this Lease, then all rent shall commence to abate from and after said untenantability as to such untenantable portion until such time as the same becomes tenantable again.

19. LESSEE'S PURCHASE RIGHT OF FIRST REFUSAL.

- (a) Grant. If at any time during the term of this Lease, Lessor enters into a contract or other similar agreement (a "Contract") for the transfer of the Project (or any portion thereof) to a prospective purchaser, then Lessor shall notify Lessee thereof within ten (10) days after full execution of such Contract and shall deliver a copy of such Contract to Lessee concurrently therewith. For purposes of this Section 19, a "transfer" means (i) a sale, transfer or conveyance (other than a mortgage) of fee title, (ii) a ground lease of the Project, (iii) a contribution to an entity of which Lessor will be an owner and the other owners of such entity are Conducting Prohibited Business (as herein defined), (iv) any other transfer of the Project by Lessor, including by operation of law, or (v) any change of control (which for purposes hereof shall mean the right and power, direct or indirect, to vote 51% or more of the outstanding capital stock, partnership, membership interests or assets of the entity) with respect to Lessor, including, without limitation, a merger, acquisition, consolidation or other reorganization; regardless of whether any of the foregoing transfers are voluntarily or involuntary.
- (b) <u>Terms of Contract; Voidable Transfer</u>. Lessor agrees that it shall not dispose of less than all of the Project and that any disposition shall be for a consideration expressed and payable solely in United States dollars. In no event shall Lessor convey the Project to any other party without affording Lessee the purchase rights described in this <u>Section 19</u>, and any consummation of such sale shall be voidable by Lessee and shall be a default by Lessor hereunder.
- (c) <u>Exercise</u>. Lessee shall, for ten (10) days after receipt by Lessee of the Contract, have and is hereby granted the exclusive right and option to acquire the Project in the manner, at the price and on the terms and conditions set forth in the Contract (the "First Refusal Right"); provided, however, that if the Contract is for a transfer described in subsections (iii), (iv) or (v) of <u>Section 19(a)</u>, then Lessee may, in Lessee's sole and absolute discretion, elect to proceed with such transfer as set forth in the Contract or purchase the entire Project for the Fair Market Value Purchase Price, as determined pursuant to <u>Exhibit "F"</u> attached hereto. If Lessee exercises the First Refusal Right, Lessor and Lessee shall proceed to settlement on such transfer in accordance with the Contract. This Lease and all of the terms and provisions hereof shall remain in full force and effect until the purchase has closed, except as otherwise provided in this Lease; provided, however, that Lessee shall have the right, in its sole discretion, to terminate this Lease simultaneously with its acquisition of the Project.
- (d) <u>Non-Exercise</u>. If Lessee fails to timely exercise the First Refusal Right, Lessor shall have two hundred ten (210) days after the date of the Contract to consummate the transfer of the Project. In no event shall Lessor dispose of its interest in the Project on terms (including, without limitation, the purchase price) less favorable to Lessor or materially different than those contained in the Contract without again delivering a Contract to Lessee and allowing Lessee to exercise the First Refusal Right pursuant to this <u>Section 19</u>. Lessee's failure to exercise the First Refusal Right shall not affect any of Lessee's rights under this Lease.
- (e) <u>Continuing Right</u>. The First Refusal Right is a continuing right of first refusal and shall apply as often as any then owner of the Project (including, without limitation, any owner which acquires its interest in a disposition to which the First Refusal Right applied but

was not exercised) shall make or propose to make a transfer of the Project during the Term of this Lease (e.g., after the expiration of the two hundred ten (210) day period described above, the First Refusal Right will be reinstated and Lessor and Lessee shall follow the above-described procedure as if no transfer offer had been previously made by Lessor).

20. MULTI-LESSEE RIGHT OF FIRST OFFER.

- (a) Lessor hereby grants to Lessee a right of first offer (the "Multi-Lessee Space Right of First Offer") to lease any space in the Project not included in the Premises (herein, the "Multi-Lessee Space") pursuant to the terms and provisions of this Section 20 (excluding, however, the Existing Leases [as herein defined] executed by Lessor as of the date of this Lease to lease the Multi-Lessee Space for the Permitted Multi-Lessee Space Use [as herein defined]; provided, however that upon expiration of an Existing Lease, the Multi-Lessee Space that was leased pursuant to such Existing Lease shall become subject to the Multi-Lessee Space Right of First Offer).
- (b) Prior to marketing any Multi-Lessee Space for lease, Lessor shall give Lessee written notice (the "Lease Offer Notice") of its intent to offer the Multi-Lessee Space for lease in the open market. Lessee shall have ten (10) business days after receipt of the Lease Offer Notice to exercise (a "ROFO Exercise") the Multi-Lessee Space Right of First Offer in which event the Annual Rent for such Multi-Lessee Space shall be determined in accordance with Exhibit "D" attached hereto.
- (c) In the event that Lessee does not accept the Lease Offer Notice by delivering written notice thereof to Lessor prior to the expiration of said ten (10) business day period, Lessor shall be free to offer the Multi-Lessee Space for lease to any third party until the end of any tenancy that results from such marketing of a Multi-Lessee Space for lease, at which time Lessor shall provide Lessee with another Lease Offer Notice.
- (d) Notwithstanding the foregoing to the contrary, if Lessor does not consummate the lease of the Multi-Lessee Space to a third party within three hundred sixty (360) days after Lessee receives a Lease Offer Notice, then Lessor shall again be required to deliver another Lease Offer Notice to Lessee and permit Lessee to exercise the Multi-Lessee Space Right of First Offer pursuant to this Section 20 before leasing the Multi-Lessee Space to a third party. If Lessee elects to exercise the Multi-Lessee Space Right of First Offer pursuant to this Section 20, then Lessor and Lessee will enter into a mutually agreeable amendment to this Lease within the thirty (30) days after Lessee notifies Lessor that Lessee is exercising the Multi-Lessee Space Right of First Offer.

21. HAZARDOUS MATERIALS.

(a) Lessee shall not cause, or suffer or permit Lessee's agents, contractors, employees, customers or persons receiving or delivering goods or services to or from the Premises on behalf of Lessee to cause, any Hazardous Material (as hereinafter defined) to exist on or be discharged from the Premises in violation of Applicable Laws, and Lessee shall promptly (i) remove any charge or lien upon any of the Project, and (ii) defend (with counsel reasonably acceptable to Lessor), indemnify and hold Lessor, its mortgagee and all of their

successors and assigns, harmless from and against any and all claims, expenses, liabilities, losses or damages to or threatened against the Premises, Lessor and such mortgagee, resulting from Lessee's breach of this Section 21(a).

- (b) Lessee shall notify Lessee and Lessee's mortgagee of any Hazardous Material that exists on or is discharged from or onto the Premises (whether originating thereon or migrating to the Premises from other property) in violation of Applicable Laws within ten (10) days after Lessee first has knowledge of the existence or discharge of such Hazardous Material.
- (c) To the extent any Hazardous Materials are present in, at, on or about the Premises through no fault of Lessee or its employees that present a material risk to human health or safety, all Annual Rent hereunder shall abate in proportion to the amount of the Premises that is unusable due to such violation for the duration of such contamination, and if the contamination is of a nature that renders a substantial portion of the Premises unusable, so that Lessee may not reasonably conduct its business from the Premises, and remains unremedied for a period of one hundred eighty (180) days, Lessee shall have the right to terminate this Lease upon thirty (30) days prior written notice to Lessor. Further, Lessor shall promptly defend (with counsel reasonably acceptable to Lessee), indemnify and hold Lessee, and all of its successors and assigns, harmless from and against any and all claims, expenses, liabilities, losses or damages to or threatened against the Project or Lessee resulting from any Hazardous Materials that are present in, at, on or about the Project due to the acts of Lessor, Lessor's employees, agents, contractors or other tenants of the Project and through no fault of Lessee or its employees.
- (d) "Hazardous Material" means any hazardous or toxic material, substance or waste which is defined by those or similar terms or is regulated as such under any Environmental Laws in effect or which become in effect or are amended during the Term of this Lease or any extension or renewal thereof. "Environmental Laws" mean any statute, law, ordinance, rule or regulation of any local, county, state or federal authority having jurisdiction over the Premises or any portion thereof or its use, including, but not limited to: (i) the Federal Water Pollution Control Act (33 U.S.C. Section 1317) as amended; (ii) the Federal Resource Conservation and Recovery Act (42 U.S.C Section 6901 et seq.) as amended; (iii) the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) as amended; (iv) the Toxic Substance Control Act (15 U.S.C. Section 2601) as amended; and (v) the Clean Air Act (42 U.S.C. Section 7401), as amended.
- (e) Lessee's and Lessor's obligations and liabilities under this Section 21 shall survive the expiration or any termination of this Lease.
- 22. NON-COMPETITION COVENANT. Lessor, on behalf of itself and its subsidiaries, successors and assigns, covenants and agrees that, during the Term of the Lease it shall not directly or indirectly, lease to, own, manage, operate, control, participate in the management or control of, or act as agent for, lend its name to or initiate or maintain or continue any interest whatsoever, or otherwise be associated with any business that offers the same or similar hospital services offered by Lessee or any affiliate of Lessee (collectively, "Conducting Prohibited Business"). Notwithstanding the foregoing to the contrary, Lessor has, and the same shall not constitute a default by Lessor hereunder, as of the date of this Lease (i) entered into a lease agreement with Sleep Evaluation Center, LLC for approximately 3,171 rentable square feet

of the Multi-Lessee Space for the purpose of a sleep lab (the "Sleep Lab Existing Lease"), (ii) entered into a lease agreement with Advanced Home Health Care, Inc. for approximately 618 rentable square feet of the Multi-Lessee Space for the purpose of a durable medical equipment facility (the "DME Existing Lease") and (iii) entered into a lease agreement with Pulmonary Associates of Kingsport, P.C. for approximately 4,205 rentable square feet of the Multi-Lessee Space for the purpose of a pulmonary medical practice (the "Pulmonary Existing Lease") (the Sleep Lab Existing Lease, the DME Existing Lease and the Pulmonary Existing Lease are collectively referred to herein as the "Existing Leases"). This non-competition covenant shall apply to each direct or indirect owner (including each general partner) of Lessor to prevent any such owner from owning more than five percent (5%) of any entity or business that is Conducting Prohibited Business and to prevent such owners from collectively owning more than twenty percent (20%) of any entity or business that is Conducting Prohibited Business. Lessor acknowledges that this non-competition covenant is essential to the continued success of Lessee and that Lessee would sustain irreparable harm and damage in the event that Lessor violates the covenant and that damages would not provide an adequate remedy to Lessee. Lessor further acknowledges that compliance with this non-competition covenant will not constitute an unreasonable hardship or deprive Lessor from the opportunity to conduct its intended business. The parties recognize that this Section 22 is a material requirement and a condition to the willingness of Lessee to enter into this Lease and to assure adequate protection of Lessee's business. Both parties agree that in their respective judgments the limitations in this Section 22 are reasonable. Lessor acknowledges and agrees that violation of this Section 22 would cause irreparable injury to Lessee and that, since any remedy at law for any breach or attempted breach of this Section 22 would be inadequate, Lessee shall be entitled to specific performance and injunctive or other equitable relief, without the necessity of showing actual damages, in case of any such breach or attempted breach in addition to whatever other remedies may exist at law and in equity. In addition to any other right or remedy of Lessee in the event Lessor breaches this Section 22, (i) all rent payable by Lessee under this Lease shall be abated beginning on the date of such breach and continuing until the breach is cured by Lessor, and (ii) Lessee may elect to terminate this Lease in the event that such a breach is not cured within nine (9) months of Lessee's written notice of such breach to Lessor.

23. CONTRACTION RIGHT. If more than twenty percent (20%) of the employment agreements between Lessee and physicians listed on Exhibit "G" (collectively, the "CVA Physician Employment Agreements") are terminated at any time during the Term for any reason, Lessee shall have the right (the "Contraction Right"), without the payment of any fee, charge or other amount, to terminate this Lease with respect to either (i) that portion of the Premises upon which Lessor and Lessee agree within ninety (90) days after Lessee delivers a Contraction Notice (as herein defined) to Lessor, or (ii) in the event that Lessor and Lessee do not reach such an agreement within said 90-day period, such portion of the Premises as designated by Lessee and approved by Lessor that contains no more than an amount of rentable square feet equal to the product of: (a) the quotient (expressed as a percentage) of the number of terminated CVA Physician Employment Agreements divided by the then-current total number of CVA Physician Employment Agreements), multiplied by (b) 49,481 (being the total number of rentable square feet in the Premises as of the date of this Lease). The Contraction Right is a continuing right that Lessee may elect to exercise upon delivering no less than thirty (30) days' prior written notice (a "Contraction Notice") to Lessor at any time and from time to time, after any of the CVA Physician Employment Agreements are terminated; provided, however, that

Lessee shall not be entitled to exercise the Contraction Right with respect to such CVA Physician Employment Agreement if the physician covered by the terminated CVA Physician Employment Agreement is replaced within ninety (90) days.

- 24. LESSEE TERMINATION RIGHT. Lessee shall have the right to terminate (the "Termination Right") this Lease in its entirety at any time without the payment of any fee, charge or other amount if more than thirty percent (30%) of the CVA Physician Employment Agreements are terminated for any reason (the "Termination Triggering Event"). Lessee may exercise the Termination Right within thirty days (30) after notice of the Termination Triggering Event, but must give Lessor at least thirty (30) days' prior written notice of such termination.
- 26. **NOTICE.** Any notice, demand, request, instruction or other document to be given pursuant to this Lease shall be deemed to have been given when delivered in writing by hand, by certified mail, postage prepaid or by reputable commercial overnight courier service (such as, but not limited to, Federal Express) to the parties, at the addresses set forth below, or at such other addresses and to such persons' attention as shall previously have been furnished to the other party in writing:

LESSOR: The Heart Center Partnership

2050 Meadowview Parkway Kingsport, Tennessee 37660 Attn: Mr. Tim Attebery

LESSEE: Wellmont Health System

1905 American Way Kingsport, TN 37660

Attn: Chief Executive Officer

with a simultaneous copy (which shall not constitute

notice) to:

Fulbright & Jaworski L.L.P.

8000 Maryland Ave., Suite 1190 St. Louis, MO 63105 Attn: James G. Wiehl.

- 27. QUIET ENJOYMENT. Lessee, so long as there exists no default by Lessee after applicable notice and cure periods, shall and may peaceably and quietly hold and enjoy the Premises for the Term. Lessor agrees to warrant and defend Lessee's right to such occupancy, use, and enjoyment and the title to the Premises against the claims of any and all persons whomsoever lawfully claim the same, or any part thereof, for the Term. Further, Lessor covenants that as long as there exists no default by Lessee beyond applicable notice and cure periods, and except as expressly permitted herein, Lessor will not interfere with the use and enjoyment of the Premises and the operation of Lessee's businesses in, on or about the Premises during the Term.
- 28. **BINDING EFFECT.** This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective representatives, successors and assigns (provided that this Lease shall not inure to the benefit of any assignee pursuant to an assignment which is not in compliance with the terms of this Lease).
- 29. **SEVERABILITY.** In case any one or more of the provisions contained in this Lease shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal, or unenforceable provision had never been contained.
- 30. SUBORDINATION AND ATTORNMENT. Lessor and Lessee shall execute and deliver such form of subordination and attornment agreement as Lessor's permanent mortgage lender may reasonably require as a condition to providing such financing; provided, however, any such subordination and attornment agreement shall contain a non-disturbance clause in favor of Lessee assuring Lessee of its continued rights under this Lease so long as there exists no default by Lessee beyond applicable notice and cure periods and such agreement is otherwise reasonably acceptable to Lessee (such agreement, an "SNDA"). Lessor shall deliver to Lessee an SNDA from Lessor's current mortgagee in the form attached hereto as Exhibit "J" or in such other form as reasonably agreed to by Lessor, Lessee and Lessor's current mortgagee (such SNDA, the "Current SNDA"). Lessee shall work in good faith with Lessor and Lessor's mortgagee in obtaining the Current SNDA. If Lessor has not delivered a fully executed copy of the Current SNDA to Lessee within sixty (60) days after the date of this Lease, then all rent owed by Lessee to Lessor under this Lease shall abate until Lessee receives the Current SNDA.
- 31. **HEADINGS.** The headings to the various sections of this Agreement have been inserted for reference purposes only and shall not modify, define, limit or expand the expressed provisions of this Agreement.
- 32. **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

- 33. **NO PERSONAL LIABILITY**. Lessee agrees to look solely to Lessor for the enforcement of its obligations hereunder and that in no event shall Lessor's members, managers, shareholders, owners, directors or officers ever be personally liable for such obligations by virtue of their status as a member, manager, shareholder, owner, director or officer. Lessor agrees to look solely to Lessee for enforcement of its obligations hereunder and that in no event shall Lessee's members, managers, shareholders, owners, directors or officers ever be personally liable for such obligations by virtue of their status as a member, manager, shareholder, owner, director or officer.
- 34. **LEASE MEMORANDUM**. A memorandum of this Lease in the form attached hereto as **Exhibit "H"** shall be executed by Lessor and Lessee on the date of this Lease and recorded in the real property records of Sullivan County, Tennessee. Said memorandum shall identify the Land and the Satellite Land as being subject to this Lease and include references to the use restrictions and Lessee's rights to purchase the Property and lease the Multi-Lessee Space.
- 35. **CONSENT**. Whenever either party's consent or approval to any action is required pursuant to the terms of this Lease, such party shall not unreasonably withhold or condition its consent or approval. Except as otherwise expressly provided herein, each party agrees to respond to any request by the other party for consent or approval within thirty (30) days after the requesting party delivers such request and failure of the other party to respond to the requesting party in writing within thirty (30) days shall be deemed to be consent or approval of the requesting party's request.
- 36. WAIVER OF LIENS. LESSOR HEREBY WAIVES, AND SHALL NOT BE ENTITLED TO CLAIM, ANY LIENS, CONTRACTUAL, STATUTORY, CONSTITUTIONAL OR OTHERWISE, UPON ANY PROPERTY PLACED IN THE PREMISES.
- 37. **ENTIRE CONTRACT; AMENDMENT.** It is expressly agreed by both parties that this Lease, and the Exhibits attached hereto is the entire agreement of the parties with respect to the subject matter hereof, and that there are, and have been, no verbal representations, understandings, stipulations, agreements, or promises pertaining to this Lease. It is likewise agreed that this Lease may not be altered, amended, or extended except by an instrument in writing signed by both Lessor and Lessee.
- 38. REFORMATION UPON CHANGE IN OR VIOLATION OF LAWS. It is the intent of the parties that the terms of this Lease be in strict compliance with Applicable Laws, including, but not limited to, all federal and state anti-kickback and anti-self-referral laws. In the event that (a) any federal or state legislation or regulations are enacted, promulgated, modified or interpreted, or a decision of a court or a governmental agency is rendered, or formal guidance is issued from a regulatory agency, that (i) prohibits, restricts or in any way materially alters the agreements made by the parties to this Lease (or may prohibit, restrict or in any way materially alter such agreements), (ii) subjects the Lessee or the Lessor to a significant fine or penalty in connection with its performance of obligations hereunder, (iii) subjects the Lessee or the applicable party's performance of its obligations hereunder, or (iv) adversely affects the ability

of the Lessee or the Lessor to perform its obligations hereunder; or (b) a determination is made by the Lessee that the exemption of the Lessee as an organization described in Code section 501(c)(3) is likely threatened (each, a "Reformation Event"), then, within thirty (30) days following notice from one party to the other party, the parties shall negotiate in good faith an amendment to this Lease or a substitute agreement which will remedy the Reformation Event while carrying out the original intention of the parties to the extent possible, and, if the parties reach an agreement on the terms and conditions of such amendment, then each party shall execute such amendment. The determination that a Reformation Event has occurred shall be made by a nationally recognized law firm with expertise in health care law selected by the applicable party. In the event that the parties cannot reach agreement as to the terms and provisions of the amendment or substitute agreement (a "Reformation Plan") within sixty (60) days following the notice provided in this Section 38 or such earlier date as necessary to avoid substantial penalties or fines, then either party may terminate this Lease by giving the other party thirty (30) days written notice stating the effective date of termination.

39. ANCILLARY AGREEMENTS. The parties acknowledge that the individual members and owners of Lessor are all cardiovascular physicians. Except as identified in this Lease or in the master contract file maintained by Lessee, which identifies the contracts entered into between Lessee and each healthcare provider (and/or entities compromised of healthcare providers) and the healthcare provider's or entity's respective members, shareholders or affiliates from time to time, no ancillary agreements have been entered into between Lessor and Lessee, including, without limitation, any entity or individual affiliated therewith. The parties further acknowledge and agree that nothing contained in this Lease is intended or shall be interpreted as requiring either party to refer patients for services to the other party or any entity or individual affiliated therewith or is otherwise contingent upon the admission, recommendation or other form of arrangement for utilization by patients or others of any item or services offered by either party or any entity or individual affiliated therewith in order to receive the benefits of this Lease. The terms hereof, including, without limitation, the rent, are intended to be objectively reasonable, and are based upon market rates as has been determined by an independent third-party real estate expert familiar with the applicable market.

40. CASUALTY.

(a) In the event of the total destruction of, or partial damage to, the Building and the Premises by fire or other casualty, Lessor shall proceed with due diligence and dispatch to repair and restore the Building to the conditions to which they existed immediately prior to the occurrence of such casualty, at Lessor's cost and expense; provided, that if the unexpired portion of the then-current Term or any extension thereof shall be two (2) years or less on the date of such casualty and the cost of such repair or restoration exceeds twenty percent (20%) of the then replacement value of the damaged Premises, as estimated by a reputable contractor, Lessor may by written notice to Lessee, within thirty (30) days after the occurrence of such casualty, terminate this Lease. If Lessor exercises the above right to terminate this Lease and Lessee elects to exercise an Extension Term in accordance with this Lease, Lessor's election to terminate shall be void, and Lessor shall proceed to restore the Premises in accordance with this Section. If the insurance proceeds are withheld by Lessor's mortgagee, Lessor at its

option may cancel this Lease by written notice to Lessee within thirty (30) days after such mortgagee's determination.

(b) Lessee may terminate this Lease by notice to Lessor if (i) the damage is so extensive that the Premises, Lessee's access thereto or Lessee's parking cannot, as estimated by a reputable contractor, be expected to be restored and the Premises ready for re-occupancy by Lessee within 180 days after the occurrence for the conduct of its business; (ii) if the Premises, Lessee's access thereto and Lessee's parking are not in fact restored and the Premises ready for re-occupancy by Lessee for the conduct of its business within 180 days after occurrence of the damage; (iii) the insurance proceeds received by Lessor (through withholding by Lessor's mortgagee or otherwise) are insufficient to restore the affected portions of the Project to the condition required hereunder and Lessor is unable or unwilling to complete such restoration with its own funds, or (iv) such damage occurs during the last 2 years of the Term and the cost of such repair or restoration exceeds twenty percent (20%) of the then replacement value of the damaged Premises, as estimated by a reputable contractor. To the extent the Premises are rendered untenantable as a result of a casualty, all rent due from Lessee shall abate proportionately during the period of such untenantability.

41. EMINENT DOMAIN

- (a) If all or any substantial part of the Premises it taken by eminent domain ("eminent domain" shall include the exercise of any similar power of taking, and any purchase or acquisition in lieu of condemnation), or in the event the improvements are condemned and ordered torn down or removed by lawful authority, then the term of this Lease shall cease as of the date possession shall be taken by the condemning authority, or as of the date improvements are ordered torn down or removed, whichever may be applicable, with all amounts due hereunder to be apportioned as of the date of such taking or of such order, as the case may be; provided, however, if as a result of a partial taking of the Premises by eminent domain, the area of the Premises is reduced by not more than fifteen percent (15%), the Lessor may elect to continue the term of this Lease and to restore, at Lessor's expense, the remaining premises to a complete architectural unit with walls, signs and interior of equal appearance and utility as they had previous to the taking, but there will be prorata reduction of all rent payable each month. The Lessor shall be deemed to have exercised its said option to restore the Premises unless, within 30 days after the date of taking, the Lessor shall notify the Lessee in writing of its election to terminate this Lease.
- (b) If more than 15% of the rentable area in the Premises is subject to a taking or if as a result of a taking the remainder of the Premises is not reasonably able to be used by Lessee substantially for the purposes for which the Premises were leased, in Lessee's reasonable discretion, or Lessee's access to or parking about the Premises is materially adversely affected, Lessee may terminate this Lease as of the date of taking upon giving notice to Landlord within 30 days after the date of such taking.
- (c) All compensation awarded for any taking (or the proceeds of private sale in lieu thereof) of all or any part of the Premises shall be the property of Lessor, whether such damage shall be awarded as compensation for diminution in the value of the leasehold or to the fee of the

Premises or otherwise, and Lessee hereby assigns to Lessor all of Lessee's right, title and interest in and to any such compensation; provided that Lessee shall be entitled to pursue a claim for damages to Lessee's personal property, leasehold improvements, trade fixtures and equipment, moving expenses and business interruption to the full extent permitted under the laws of the state in which the Premises are situated. In no event shall Lessee be entitled to any award for the value of the unexpired term of this Lease. The termination of this Lease shall not affect the rights of the respective parties to such awards.

- 42. **PUT AGREEMENT**. Attached hereto as **Exhibit "I"** and incorporated herein is a Put Agreement agreed to by Lessee and Lessor.
- LESSOR'S EXISTING PARKING LOT ROFR. Lessor has entered into a certain a Right of First Refusal Agreement dated June 30, 2008 with Bays Mountain Baptist Church, Inc. (herein, the "Parking Lot ROFR") covering the property described therein (herein the "Parking Lot ROFR Property"). Lessor represents to Lessee that attached hereto as Exhibit "K" is a true and correct copy of the Parking Lot ROFR. Lessor shall not amend or modify the Parking Lot ROFR without Lessee's prior written consent, which consent Lessee shall not unreasonably withhold, condition or delay. Lessor shall deliver to Lessee any Offer (as defined in the Parking Lot ROFR) within two (2) business days after Lessor receives the same. Within ten (10) days after Lessee's receipt of an Offer, Lessee may elect to cause Lessor to exercise the ROFR (as defined in the Parking Lot ROFR) in which event Lessor shall purchase the Parking Lot ROFR Property in accordance with the terms of the Parking Lot ROFR and Lessee shall thereafter purchase from Lessor the Parking Lot ROFR Property and the Project at the Fair Market Value Purchase Price, as determined pursuant to Exhibit "F" attached hereto (with references in Exhibit "F" to the "Project" to include a reference to the Project and the Parking Lot ROFR Property), in which event the Fair Market Value Purchase Price shall take into consideration the value of the Parking Lot ROFR. Such purchase of the Project shall be on substantially the terms of the Put Agreement or such other terms as Lessor and Lessee may otherwise agree in writing.
- 44. **BROKERS.** Each of Lessee and Lessor represents and warrants to the other that it has not dealt with any broker or finder in connection with the transactions contemplated by this Lease. Lessor and Lessee each covenant and agree to indemnify and hold harmless the other, and the other's respective successors, assigns, affiliates, incorporators, employees, consultants, representatives, contractors, subcontractors, employees, members, partners, managers, officers, principals, directors, shareholders and agents, from and against any and all costs, expenses, liabilities, claims, demands, suits, judgments and interest, including, without being limited to, reasonable attorneys' fees and disbursements, arising out of or in connection with any claim by any broker or agent with respect to this Lease, the negotiation of this Lease or the transactions contemplated herein based upon the acts of the indemnifying Party. The provisions of this Section 43 shall survive the termination of this Lease.
- 45. **JOINT VENTURE.** It is not intended by this Lease to, and nothing contained in this Lease shall, create any partnership, joint venture, limited liability company or other like arrangement between Lessee and Lessor. No term or provision of this Lease is intended to be, or shall be, for the benefit of any person not a party hereto, and no such other person shall have any right or cause of action hereunder.

- 46. **TIME OF THE ESSENCE.** Time shall be of the essence with respect to each and every one of the dates, time periods and time limitations set forth in this Lease.
- 47. **EXHIBITS.** All Exhibits referred to in this Lease are incorporated herein and made a part hereof as fully as if set forth herein at length.
- 48. **BUSINESS DAY**. As used in this Lease, "business day" shall be deemed to be any day other than a Saturday, Sunday or any other day on which banks in the State of Tennessee are required to close. If an action is required under this Lease on a date specified in this Lease and that date falls on other than a business day, then the date by which Lessor or Lessee, as the case may be, is required to take such action shall be extended to the next business day.

IN WITNESS WHEREOF, the undersigned have executed this Lease as of the day and date first written hereinabove.

LESSOR:

THE HEART CENTER PARTNERSHIP

Its: President

sevald G Blackwell MO

Chairman of the Board

LESSEE:

WELLMONT HEALTH SYSTEM

Name

Name: Koper I

m President à (

STATE OF TENNESSEE

COUNTY OF SULLIVAN

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared <u>Gerald G. Blackwell</u>, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the <u>View decition</u> of The Heart Center Partnership, the within named bargainor, a Tennessee general partnership, and that (s)he as such representative executed the foregoing instrument for the purposes therein contained, by signing the name of the general partnership by himself as such representative.

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WITNESS by hand and official seal thi	is 30 day of 10 , 2010.
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STATE OF TENNESSEE	0.800

COUNTY OF SULLIVAN

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared with Bursing with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself/herself to be the Interior President of Wellmont Health System, the within named bargainor, a Tennessee non-profit corporation, and that he/she as such the name of the corporation by himself/herself as wert F. Bursin.

My Commission expires:

My Commission expires:

TENNESSEE

NOTARY

PUBLIC

AN COUNTING

AN COUNT

- 29 -

EXHIBIT "A"

PREMISES

[Attached]

[DRAFTING NOTE: Lessor to provide depiction of the Premises.]

EXHIBIT "A-1"

LAND

Located in the 13th Civil District of Sullivan County, Tennessee:

BEGINNING at an old iron pin on the northwesterly side of Reservoir Road, corner for the herein described property and Clark; thence with said side of Reservoir Road by a curve to the right having a radius of 3401.75 feet, an arc distance of 385.60 feet to a point; thence S. 60° 25' 32.60 feet to a point; thence S. 29° 35'E., 16.91 feet to a point; thence s. 60° 25' W., 119.76 feet to an old iron pin, corner for the herein described property and Greene; thence with the divisional line between the herein described property and Greene, N. 17° 59' W., 76.12 feet to a new iron pin; thence N. 16° 46' W., 205.84 feet to an old iron pin in the line of the herein described property, corner for Greene and Booker; thence with the divisional line between the herein described property and Booker, N. 17° 46' W., 289.57 feet to an old iron pin in the line of the herein described property, corner for Booker and Collingsworth, thence with the divisional line between the herein described property, Collingsworth and Rector, N. 17° 05' W., 352.85 feet to an old iron pin in the line of Bays Mountain Baptist Church, S. 71° 11' E., 797.19 feet to a new iron pin; thence with the divisional line between the herein described property and City of Kingsport, Jones, Powell, and Clark, S. 50° 48' W., 247.74 feet to an old iron pin, corner to Clark; thence continuing with the line of the herein described property, S. 43° 18' E., 233.60 feet to the point of BEGINNING, as shown on plat of survey by Danny L. Carr, Surveyor, dated October 9, 1997 and revised September 22, 1998.

EXHIBIT "A-2"

SATELLITE LAND

COCATED IN THE STEE OF KINDTHORY, SITE COVID PRIZEDED OF BULLTHAN TOUGHT, TIMBESSEE.

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EXHIBIT "B"

PUBLIC AREAS

[DRAFTING NOTE: TO BE PROVIDED BY LESSOR]

EXHIBIT "C"

PERMITTED EXCEPTIONS

- 1. Taxes for the 2010, and subsequent years, not yet due and payable.
- 2. Subject to matters shown on recorded Plat Book 2 at Page 127.
- 3. Restrictions appearing of record in Book 64A at Page 542, but this policy insures that said restrictions have not been violated and that a future violation thereof will not cause a forfeiture or reversion of Title.
- 4. Agreed Order for Sewer Line Construction recorded in Book 1717C at Page 7.
- 5. Easement(s) to City of Kingsport recorded in Book 1043C at Page 147.
- 6. Easement(s) recorded in Book 68A at Page 119, Book 44A at Page 218, Book 52 at Page 25 and Book 54A at Page 490.
- 7. Easement(s) to City of Kingsport recorded in Book 1045C at Page 402 and Book 1663C at Page 444.
- 8. Easements(s) to City of Kingsport recorded in Book 1685C at Page 16.
- 9. Right of Way and Easements to City of record in said Register's Office in Deed Book 1045C, page 385.
- 10. Headwall, Catch Basin, Rip Rap, Sanitary Sewer Manhole, Power Poles as shown on plat of survey by Danny L. Carr, Surveyor, dated October 9, 1997 and revised September 22, 1998.
- 11. Agreement between The Heart Center of Cardiovascular Associates, L.L.C., and Kingsport Power Company, dated August 18, 1998, of record in the said Register's Office in Deed Book 1351C, page 687.

EXHIBIT "D"

DETERMINATION OF FAIR MARKET RENTAL RATE

The "Fair Market Rental Rate" shall mean the annual amount of rental that a willing tenant would pay and a willing landlord would accept in arm's length, bona fide negotiations for a renewal lease of the Premises to be executed at the time of determination and to commence on the commencement of the subject lease term, based upon other comparable lease transactions made in Kingsport, Tennessee, Johnson City, Tennessee or Bristol, Tennessee and the surrounding communities concerning similar buildings and premises, taking into consideration all relevant terms and conditions of such comparable leasing transactions, including, without limitation: (i) location, quality and age of the building: (ii) use and size of the space in question; (iii) extent of leasehold improvement allowances (considering existing improvements); (iv) the amount of any abatement of rental or other charges; (v) parking charges or inclusion of same in rental; (vi) lease takeovers/assumptions; (vii) amenities, including fitness centers, restaurants and the like; (viii) relocation allowances; (ix) refurbishment and repainting allowances; (x) any and all other concessions or inducements; (xi) distinction between "gross" and "net" lease; (xii) extent of services provided or to be provided, including without limitation, Lessor obligation to maintain all HVAC systems and the water cooling tower; (xiii) credit standing and financial stature of the tenant or subtenant; (xiv) any other adjustments (including by way of indexes) to base rental; and (xvi) length of term.

Within ten (10) days after (i) May 1, 2015, (ii) Lessee delivers to Lessor an Extension Notice, or (iii) Lessee delivers to Lessor a ROFO Exercise, as the case may be (said period is herein referred to as the "Renewal Rate Appraiser Period"), Lessor and Lessee shall work together to appoint an MAI appraiser with not less than ten (10) years experience with working knowledge of current rental rates and practices for buildings similar to the Building and the Premises and valuing similar projects in Kingsport, Tennessee, Johnson City, Tennessee or Bristol, Tennessee and the surrounding communities; provided, however, that with respect to Extension Terms, Lessor may send a written notice to Lessee no earlier than twelve (12) months before the first day of the Extension Term stating that Lessor would like to determine the Fair Market Rental Rate for an Extension Term earlier, in which case the Renewal Rate Appraiser Period will begin on the date Lessee receives such notice notwithstanding that Lessee may not have then exercised the renewal option for that Extension Term. If Lessor and Lessee agree on such an appraiser prior to the expiration of the Renewal Rate Appraiser Period, then said appraiser will determine the Fair Market Rental Rate for the applicable portion of the Term and such determination will be binding on Lessor and Lessee and cost of the appraisal shall be split equally between Lessor and Lessee. If Lessor and Lessee do not agree on such an appraiser prior to the expiration of the Renewal Rate Appraiser Period, then the parties shall follow the procedure set forth in the next paragraph to determine the Fair Market Rental Rate.

Within ten (10) days after the last day of the Renewal Rate Appraiser Period, Lessor and Lessee shall each select an independent MAI appraiser with not less than ten (10) years experience with working knowledge of current rental rates and practices for buildings similar to the Building and the Premises and valuing similar projects in Kingsport, Tennessee, Johnson City, Tennessee or Bristol, Tennessee and the surrounding communities, at their own cost and expense. If either Lessor or Lessee fails to appoint an appraiser within the 10-day period referred to above, the

appraiser appointed by the other party shall be the sole appraiser for the purposes hereof. For purposes of this Lease, an "MAI" appraiser means an individual who holds an MAI designation conferred by, and is an independent member of, the American Institute of Real Estate Appraisers (or its successor organization, or in the event there is no successor organization, the organization and designation most similar). The two (2) appraisers selected, as aforesaid, shall mutually pick a third MAI appraiser who has ten (10) years experience as aforesaid. The three (3) appraisers shall appraise the Fair Market Rental Rate of the Premises for the applicable portion of the Term. The two (2) closest appraisals will be averaged to determine the Fair Market Rental Rate of the Premises for the applicable portion of the Term. The cost of the third appraisal shall be split equally between Lessor and Lessee.

Notwithstanding the foregoing or anything in the Lease to the contrary, Lessee may elect to withdraw an Extension Notice or a ROFO Exercise, as the case may be, by delivering written notice thereof to Lessor within ten (10) days after Lessee and Lessor are notified of the Fair Market Rental Rate pursuant to this Exhibit D, in which case the Term will not be extended for the applicable Extension Term or Lessee's ROFO Exercise shall be deemed to be automatically revoked by Lessee, as the case may be.

If the Fair Market Rental Rate of the Premises for the applicable portion of the Term has not been determined by the commencement date of the applicable portion of the Term, Lessee shall pay Annual Rent upon the terms and conditions in effect during the last month of prior to the commencement of such portion of the Term for the Premises until such time as the Fair Market Rental Rate has been determined. Upon such determination, the Annual Rent for the Premises shall be retroactively adjusted to the commencement of the applicable portion of the Term for the Premises. If such adjustment results in an underpayment of Annual Rent by Lessee, Lessee shall pay Lessor the amount of such underpayment within thirty (30) days after the determination thereof. If such adjustment results in an overpayment of Annual Rent by Lessee, Lessor shall credit such overpayment against the next installment of Annual Rent due under the Lease and, to the extent necessary, any subsequent installments, until the entire amount of such overpayment has been credited against Annual Rent.

EXHIBIT "E"

EXPENSES

- 1. Payments.
- 1.01 Lessee shall pay Lessee's Pro Rata Share of the total amount of Expenses for each calendar year during the Term. Lessor shall provide Lessee with a good faith estimate of the total amount of Expenses for each calendar year during the Term. On or before the first day of each month, Lessee shall pay to Lessor a monthly installment equal to one-twelfth of Lessee's Pro Rata Share of Lessor's estimate of the total amount of Expenses. If Lessor does not provide Lessee with an estimate of the total amount of Expenses by January 1 of a calendar year, Lessee shall continue to pay monthly installments based on the previous year's estimate until Lessor provides Lessee with the new estimate.
- 1.02 As soon as is practical following the end of each calendar year (but in no event later than April 1 following such calendar year), Lessor shall furnish Lessee with a statement of the actual amount of Lessee's Pro Rata Share of Expenses for the prior calendar year. If the estimated amount of Expenses for the prior calendar year is more than the actual amount of Expenses for the prior calendar year, Lessor shall apply any overpayment by Lessee against rent due or next becoming due, provided if the Term expires before the determination of the overpayment, Lessor shall refund any overpayment to Lessee at the same time Lessor delivers such statement. If the estimated amount of Expenses for the prior calendar year is less than the actual amount of Expenses for such prior year, Lessee shall pay Lessor, within 30 days after its receipt of the statement of Expenses, any underpayment for the prior calendar year. The obligations set forth in this Section 1.02 shall survive the expiration or earlier termination of the Lease.
 - 2. Expenses.
- 2.01 "Expenses" means all reasonable and actual costs and expenses incurred by Lessor in each calendar year in connection with operating maintaining repairing and managing the Public Areas of the Project and any landscaping for the Project, as calculated in accordance with generally accepted accounting principles.
- 2.02 Expenses shall not include: (a) electricity, gas and other utility costs; (b) the cost of altering, maintaining, repairing or replacing the Structural Elements or the Building systems, including the roof, foundation or exterior walls of the Project, and any other costs of any other capital improvements under generally accepted accounting principles; (c) depreciation; (d) principal payments of mortgage and other non operating debts of Lessor; (e) the cost of repairs or other work to the extent Lessor is reimbursed by insurance or condemnation proceeds; (f) costs in connection with leasing space in the Project, including brokerage commissions, lease concessions, rental abatements and construction allowances granted to specific tenants; (g) costs incurred in connection with the sale, financing or refinancing of the Project; (h) fines, interest and penalties incurred due to the late payment of Taxes or Expenses; (i) repairs of any item to the extent reimbursement for the costs thereof is recovered under any applicable guaranty or warranty; (j) organizational expenses associated with the creation and operation of the entity

which constitutes Lessor; (k) any penalties or damages that Lessor pays; (l) costs of insurance; (m) the costs of alterations, maintenance, repairs and improvements benefitting solely the premises leased to other tenants of the Project; (n) all costs of altering, maintaining, replacing or repairing the water cooling tower or all HVAC units serving the Project, including those exclusively serving the Premises; or (o) the costs of alterations, maintenance, repairs or replacements that are result of the negligence or willful misconduct of Lessor or Lessor's contractors.

Audit Rights. Lessee may give Lessor written notice (a "Review Notice") that 3. Lessee intends to review Lessor's records of the Expenses. Within a reasonable time after receipt of the Review Notice, Lessor shall make all pertinent records available for inspection that are reasonably necessary for Lessee to conduct its review. Lessor shall keep all records relating to Expenses at the Building and Lessor's books and records shall be kept in accordance with generally accepted accounting principles, consistently applied. If Lessee retains an agent to review Lessor's records. Lessee shall be solely responsible for all costs, expenses and fees incurred for the audit. If such audit reveals that the Expenses paid by Lessee were less than the sum which Lessee should have paid, Lessee shall pay said difference to Lessor concurrently with the next due payment of Expenses, or, if the Lease has expired, Lessee shall pay Lessor the difference within thirty (30) days after said audit. If such audit reveals that the Expenses paid by Lessee exceeded the sum which Lessee should have paid, Lessor shall credit such excess payments against Lessee's next monthly payment(s) of rent due in accordance with the terms of this Lease, or, if the Lease has expired, Lessor shall refund such excess payment to Lessee within thirty (30) days after said audit. The obligations set forth in this Section 3 shall survive the expiration or earlier termination of the Term.

4. Methodology for Relmbursement for Utilities

- (a) Start with the total electricity bill.
- (b) Subtract the Major Imaging Equipment Consumption (MIEC) portion from the entire bill. This portion will be charged to Holston Valley Medical Center.
- (c) The MIEC will be computed by taking the volume of Major Imaging Equipment Units that were performed during the designated time period TIMES the Average KW Consumption per Unit. For purposes of this computation, the following modalities shall be considered "Major Imaging Equipment": (a) CT, (b) SPECT (nuclear), and (c) stress testing. The "per unit" KW consumption will be based upon manufacturer's specifications.
- (d) Take the remaining amount (the "General Consumption") and allocate it by square footage to all tenants of the Building.
- (e) Each tenant will reimburse Lessor for it's Pro Rata Share of the General Consumption will be determined by dividing their Rentable Square Footage by the total of all of tenants' rentable square footage.
- (f) Take the natural gas bill and allocate it to each tenant based upon the pro rata allocation described in subsection (e).

(g) rata allocation descr	Take the water ibed in subsection	/sewer bill and a	llocate it to each	tenant based upo	n the pro

EXHIBIT "F"

DETERMINATION OF FAIR MARKET VALUE PURCHASE PRICE 05

The "Fair Market Value Purchase Price" shall mean the full price a willing buyer would pay for, and willing seller would sell, the Project.

Within ten (10) days after Lessee notifies Lessor that Lessee is exercising the First Refusal Right and that Lessee will purchase the Project for the Fair Market Value Purchase Price pursuant to Section 19(c) of the Lease (said period is herein referred to as the "Purchase Price Appraiser Period"), Lessor and Lessee shall work together to appoint an MAI appraiser with not less than ten (10) years experience with working knowledge of current purchase prices for projects similar to the Project and valuing similar projects in Kingsport, Tennessee, Johnson City, Tennessee or Bristol, Tennessee and the surrounding communities. If Lessor and Lessee agree on such an appraiser prior to the expiration of the Purchase Price Appraiser Period, then said appraiser will determine the Fair Market Value Purchase Price and such determination will be binding on Lessor and Lessee and cost of the appraisal shall be split equally between Lessor and Lessee. If Lessor and Lessee do not agree on such an appraiser prior to the expiration of the Purchase Price Appraiser Period, then the parties shall follow the procedure set forth in the next paragraph to determine the Fair Market Value Purchase Price.

Within ten (10) days after the last day of the Purchase Price Appraiser Period, Lessor and Lessee shall each select an independent MAI appraiser with not less than ten (10) years experience valuing similar projects in Kingsport, Tennessee, Johnson City, Tennessee or Bristol, Tennessee and the surrounding communities, at their own cost and expense. If either Lessor or Lessee fails to appoint an appraiser within the 10-day period referred to above, the appraiser appointed by the other party shall be the sole appraiser for the purposes hereof. The two (2) appraisers selected, as aforesaid, shall mutually pick a third MAI appraiser who has ten (10) years experience as aforesaid. The three (3) appraisers shall appraise the Fair Market Value Purchase Price of the Project. The two (2) closest appraisals will be averaged to determine the Fair Market Value Purchase Price of the Project. The cost of the third appraisal shall be split equally between Lessor and Lessee.

Notwithstanding the foregoing to the contrary, Lessee may elect to withdraw its exercise of the First Refusal Right by delivering written notice thereof to Lessor within ten (10) days after Lessee and Lessor are notified of the Fair Market Value Purchase Price pursuant to this Exhibit "F", in which case Lessee will not be obligated to purchase the Project and the First Refusal Right shall continue to be exercisable by Lessee during the remaining Term.

EXHIBIT "G"

CVA PHYSICIAN EMPLOYMENT AGREEMENTS

David C. Beckner

John F. Berry

John R. Bertuso

Gerald G. Blackwell

Mark A. Borsch

Thomas M. Bulle

Jonathan W. Burress

Larry H. Cox

Andrew M. Cross, Jr.

Stanley A. Gall, Jr.

David Tyler Greenfield

Clair S. Hixson

Pierre Istfan

Gregory K. Jones

Christopher J. Kennedy

Robert Keith Kramer

Herbert D. Ladley

Marc W. Mayhew

James J. Merrill

William M. Messerschmidt

David Christopher Metzger

Cary H. Meyers

Daniel M. O'Roark

Arun Rao

Pabitra K. Saha

Daniel E. Simpson

Harrison D. Turner

Freddie M. Williams

Marcus Williams

EXHIBIT "H"

FORM LEASE MEMORANDUM

This instrument was prepared by:

Stephen W. Stallcup, Esq. Maynard, Cooper & Gale, P.C. 1901 Sixth Avenue North 2400 Regions/Harbert Plaza Birmingham, Alabama 35203-2618

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (hereinafter, as amended from time to time in accordance with the terms hereof, "this Memorandum") is entered into on ______, 2010, by and between The Heart Center Partnership, a Tennessee general partnership ("Lessor"), and Wellmont Health System, a Tennessee non-profit corporation ("Lessee").

Recitals

Lessor and Lessee have entered into a Lease Agreement dated of even date herewith (the "Lease"), pursuant to which Lessor will lease, demise and let to Lessee the portions of the real property described in Exhibit A hereto.

Agreement

NOW, THEREFORE, in consideration of the foregoing recitals and to induce Lessor and Lessee to enter into the Lease, and for other good and valuable consideration in hand paid to Lessor and Lessee, the receipt and sufficiency of which is hereby acknowledged by each of them, Lessor and Lessee hereby agree as follows:

- i) Names of Lessor and Lessee. The name of the lessor of the Lease is The Heart Center Partnership The name of the lessee of the Lease is Wellmont Health System
- years, subject to the Lessee's options to renew or extend the term of the Lease described in paragraph 3 below.

- iii) Option(s) to Renew or Extend the Term of the Lease. The Lease is subject to the following option(s) to renew or extend the term of the Lease: Lessee shall have two (2) successive renewal option periods of five (5) years each.
- iv) <u>Description of Premises</u>. The premises leased by Lessee from Lessor under the Lease are a portion of the real property described more particularly in <u>Exhibit A</u> attached hereto.
- v) Other Lease Terms. The Lease contains other provisions for the benefit of Lessor and Lessee, which provisions are incorporated herein by this reference, including without limitation, that certain purchase right of first refusal more particularly described in the Lease and that certain non-competition covenant more particularly described in the Lease.

[The remainder of this page is left intentionally blank]

IN WITNESS WHEREOF, each of Lessor and Lessee has caused this Memorandum to be executed in its names and on its behalf by its representatives thereunto duly authorized as of the date first set forth above and to be recorded in the office of the Register's Office of the county in which the premises are situated.

LESSOR:
THE HEART CENTER PARTNERSHIP
By:
Its:
LESSEE:
WELLMONT HEALTH SYSTEM
By:
Its:

STATE OF) COUNTY OF)	
Before me, undersigned authority of the state and county aforesaid, personally appearance, with whom I am personally acquainted, or proved to me on basis of satisfactory evidence and who, upon oath, acknowledged himself to be other officer authorized to execute the instrument), of The Heart Center Partnership, within named bargainor, a general partnership, and that he or she as such executed the foregoing instrument for the purpose therein contained, by signing the name of general partner by himself or herself as	the (or the
Witness my hand and seal, at office in, this day, 2010	of
Notary Public My Commission Expires:	
STATE OF) COUNTY OF)	
Before me, the undersigned authority of the state and county aforesaid, personal appeared, with whom I am personally acquainted, proved to me on the basis of satisfactory evidence and who, upon oath, acknowledged himself be (or other officer authorized to execute the instrument), of Wellmont Heal System, the within named bargainor, a non-profit corporation, and that he or she as su, executed the foregoing instrument for the purpose therein contained, signing the name of the non-profit corporation by himself or herself as	or to lth
Witness my hand and seal, at office in, this day September, 2000	of
Notary Public My Commission Expires: EXHIBIT A	

00607774.1

(Specific Description of Premises)

EXHIBIT "I"

PUT AGREEMENT (this "Put Agreement")

ARTICLE I

PUT RIGHT; PUT NOTICE; PUT TRIGGER EVENTS

- 1.1 Put Right. If a Put Triggering Event occurs during the initial 10-year term of the Lease (the "Put Period"), Lessor shall have the one time right, subject to and in accordance with the terms and the further conditions of this Put Agreement, to require Lessee to purchase the Project (the "Put Right"). If Lessor timely and properly exercises the Put Right and a Put Triggering Event has occurred, then Lessee shall, subject to the terms of this Put Agreement be obligated to purchase the Project at a closing (the "Put Closing") to be held on the three hundred twentieth (320th) day following Lessee's receipt of the Put Notice at 10:00 a.m., Kingsport, Tennessee Time, at the offices of a title company selected by Lessee (the "Put Closing Date"). The Put Closing shall be effective at 11:59 p.m., Kingsport, Tennessee Time, on the Put Closing Date.
- 1.2 <u>Put Notice</u>. Lessor may exercise the Put Right only by delivering the Put Notice (as hereinafter defined) to Lessee in accordance with this Put Agreement. The "<u>Put Notice</u>" must be in writing and include (i) an unconditional and unqualified statement by Lessor that it is exercising the Put Right pursuant to this Article I evidence that a Put Triggering Event has occurred. To be effective, the Put Notice must be received by Lessee prior to the date which is thirty (30) days after the occurrence of a Put Triggering Event (said date, the "<u>Put Exercise Deadline</u>"). If Lessee does not receive a Put Notice on or before the Put Exercise Deadline, then Lessor will be deemed to have waived the Put Right and this Put Agreement shall automatically terminate and be of no further force or effect.
- 1.3 <u>Put Trigger Events.</u> The right of Lessor to exercise a Put Right, and the obligation of Lessee to purchase the Project as a result of said exercise, is subject to the occurrence of one of the following events (individually, a "<u>Put Triggering Event</u>" and collectively the "<u>Put Triggering Events</u>"):
- (a) Lessee defaults under the Lease beyond applicable notice and cure periods and after Lessor repossesses the Premises or any part thereof pursuant to subsection 17(b)(ii) of the Lease as a result of such default in accordance with the terms of the Lease;
- (b) Lessee unilaterally relocates all physicians employed by Lessee such that no physicians employed by Lessee have business hours at the Project (a "Relocation Event"). For purposes of clarity, a Relocation Event shall not occur due to the termination or expiration of any physician employment agreement or Lessee exercises the Contraction Right, the Termination Right or the Mutual Termination Right in accordance with the terms of the Lease.

ARTICLE II

DUE DILIGENCE

- 2.1 <u>Due Diligence Materials</u>. On or before the date that is thirty (30) days after the delivery of the Put Notice to Lessee (the "<u>Due Diligence Materials Deadline</u>"), Lessor shall deliver to Lessee the following (collectively, the "<u>Due Diligence Materials</u>"):
- (a) a property condition report prepared by a third-party consultant approved by Lessee in writing (the "PCR");
- (b) a Phase I environmental site assessment prepared by a third-party consultant approved by Lessee in writing (the "Phase I ESA"), and, in the event the Phase I ESA suggests the performance of a Phase II environmental site assessment, then such Phase II environmental site assessment (the "Phase II ESA");
- (c) a preliminary report of title, together with readable copies of all documents referred to therein, from a title company designated by Lessee (the "<u>Title Commitment</u>");
- (d) an as-built ALTA survey of the Project, prepared and certified to Lessee by a certified or registered surveyor approved by Lessee. Such survey shall: (1) be in form and substance satisfactory to Lessee; (2) show all improvements in the Project, the location of all easements, rights of way, sewer and water lines, building lines and encroachments, the location of all required building set-back lines and other dimensional regulations and any wetlands; and (3) show the location of all abutting or adjoining streets, alleys, curb cuts and the like. In addition, the survey shall contain a surveyor's certificate in a form approved by Lessee;
- (e) all other Real Estate Records (as herein defined). "Real Estate Records" shall mean all materials which Lessee shall deem reasonably appropriate for review in connection with the transaction contemplated herein, to the extent the same are in the possession of Lessor or its agents, and shall, if in Lessor's possession, include the items listed on Schedule 1 attached hereto.
- 2.2 <u>Cost of the Due Diligence Materials</u>. Lessee shall reimburse Lessor for fifty percent (50%) of the actual cost paid by Lessor for the PCR, the Phase I ESA and, if any, the Phase II ESA within thirty (30) days after Lessee receives an invoice thereof. Lessor shall otherwise bear all cost and expense of obtaining the Due Diligence Materials and delivering the same to Lessee.

2.3 Due Diligence Objections.

- (a) On or before the date that is ninety (90) days after Lessee receives all Due Diligence Materials (herein, the "<u>Due Diligence Period</u>"), Lessee may, in its sole and absolute discretion, notify Lessor in writing that, based upon Lessee's due diligence activities, Lessee objects to any matters related to Project that (i) were created through no fault of Lessee or its employees or agents and (ii) Lessee determines in its commercially reasonable discretion would be materially and adverse to a prospective buyer (such objections are herein referred to as "<u>Due Diligence Objections</u>").
- (b) With respect to any Due Diligence Objections, Lessor may elect ("Lessor's Election") by delivering written notice to Lessee within thirty (30) business days

after receipt by Lessor of the Due Diligence Objections (the "Lessor's Election Deadline"), to either (1) undertake at its expense all necessary actions to cure the objections set forth in the Due Diligence Objections (to the extent the same can be cured), in which event Lessor shall cure such Due Diligence Objections, or (2) not to cure such Due Diligence Objections. If Lessor does not deliver written notice of Lessor's Election within such thirty (30) business day period, then Lessor shall be deemed to have elected not to cure such Due Diligence Objections. If (i) Lessor makes an election pursuant to (1) in the preceding sentence, but the Due Diligence Objections are not cured within a mutually agreed upon time to cure such Due Diligence Objections, such agreement to be made in good faith and on a commercially reasonable basis but not to be less than 120 days if Lessor determines that it needs such time (the "Agreed Upon Cure Period"), (ii) Lessor elects (or is deemed to have elected) not to cure any Due Diligence Objections, or (iii) any Due Diligence Objections are not curable by Lessor, then Lessee and Lessor shall negotiate in good faith to reach a monetary adjustment to the purchase price set forth below as fair compensation for any uncured or uncurable Due Diligence Objections. If Lessor and Lessor fail to reach an agreement on such adjustment within twenty (20) business days, Lessee may elect by written notice to Lessor, (1) to terminate this Put Agreement and Lessee's obligation to purchase the Project; or (2) indicate to Lessor that, notwithstanding the Due Diligence Objections, Lessee will not terminate this Put Agreement. If Lessee does not deliver written notice of such election before the date that is thirty (30) days after the end of such twenty (20) business day negotiation period, then Lessee shall be deemed to have elected to terminate this Put Agreement.

ARTICLE III

TERMS OF PURCHASE

- (b) <u>Purchase Price</u>. If Lessor exercises the Put Right and Lessee is obligated to purchase the Project pursuant to this Put Agreement, then Lessee shall purchase the Project from Lessor for the "Fair Market Value Purchase Price" as determined pursuant to <u>Schedule 2</u> attached hereto.
- (c) <u>Closing</u>. At Closing Lessor shall deliver to Lessee a special or limited warranty deed, Lessor and Lessee shall apportion taxes, expenses and other amounts commonly apportioned in connection with commercial real estate sale transactions in the State of Tennessee and shall apply closing procedures and make closing deliveries as are customary in commercial real estate sale transactions in the State of Tennessee. Lessor agrees that Lessor shall be responsible for the cost of obtaining for Lessee (i) an ALTA extended owner's policy of title insurance in an amount equal to the Fair Market Value Purchase Price, dated the Put Closing Date, insuring Lessee's title in fee simple to the Project subject only to the Permitted Exceptions and any other title exceptions approved by Lessee in its commercially reasonable discretion (the "Lessor's Policy"), and (ii) updates to the existing ALTA survey as may be required in connection with the Put Closing and the issuance of the Lessor's Policy.

ARTICLE IV

TERMINATION

This Put Agreement, Lessor's right to exercise the Put Right and Lessee's obligation purchase the Project after Lessor's exercise of the Put Right shall automatically terminate and be of no further force or effect upon the occurrence of any of the following:

- (a) Lessee does not receive a Put Notice on or before the Put Exercise Deadline;
- (b) the Due Diligence Materials are not delivered to Lessee on or before the Due Diligence Materials Deadline;
- (c) this Put Agreement is terminated pursuant to Section 2.3 of this Put Agreement;
- (d) the Lease terminates for any reason other than the reasons set forth in Section 1.3(a) of this Put Agreement;
- (e) The Heart Center Partnership, a Tennessee general partnership, makes a "transfer" (as defined in Section 19(a) of the Lease); or
 - (f) no Put Triggering Event occurs on or before May 1, 2020.

ARTICLE V

PERSONAL RIGHT

The Put Right is personal to The Heart Center Partnership, a Tennessee general partnership, and may not be assigned to any person, entity, successor or assign; upon any "transfer" (as defined in Section 19(a) of the Lease), this Put Agreement shall automatically terminate and be of no further force or effect.

SCHEDULE 1

REAL ESTATE RECORDS

GENERAL INFORMATION

- Deed to Lessor
- Existing mortgage documents and other liens on the Project
- Development agreements and impact fees
- Conditions, covenants and restrictions
- Inventory of personal property (including cost and acquisition date)
- List of any current litigation related to the project
- Ground lease documents if applicable

PROJECT OPERATIONS/FINANCIAL DATA

- Detailed listing of all planned /needed capital expenditures
- A detailed listing of all capital expenditures incurred on the Project in the past five years, with dollar amounts
- Project operating statements for the previous three years detailing revenue and expenses, as well as the most recent annual budget
- Information regarding association dues
- Utility bills for the Project for the previous three years
- Real estate tax bills for the Project for the previous three years, and complete filings on any pending certiorari proceedings, and any available information regarding future tax increases or special assessments
- Current insurance certificates
- List and copies of service contracts, equipment leases, warranties and other agreements relating to the operation of the Project
- Operations manuals

PHYSICAL ASSESSMENT

- Site and building plans
- Floor plans
- As-built drawings and engineering calculations including recent mechanical/electrical changes
- Engineering reports

- Environmental reports
- Soils and geotechnical reports, if available
- Square footage measurements, calculations
- A schedule of all licenses, permits, certificates of occupancy for the Project currently in effect, together with copies thereof and of all amendments thereto.
- Architect's certificate of completion
- ADA Compliance Survey
- Compliance letters (ADA, fire, zoning, health, building codes, etc.)
- Crime/Accident reports and insurance claims
- ADA complaints
- Notices of violations
- Pest Control/Termite Report
- List of utilities vendors and evidence of utility availability
- Verification of Flood Zone and Existing Flood Insurance
- Zoning compliance letter of governmental authorities or similar evidence of zoning compliance. In addition, a description of the existing zoning on the Project

SCHEDULE 2

DETERMINATION OF FAIR MARKET VALUE PURCHASE PRICE

The "Fair Market Value Purchase Price" shall mean the full price a willing buyer would pay for, and willing seller would sell, the Project, including consideration of the Due Diligence Materials.

Within ten (10) days after Lessor notifies Lessee that Lessor is exercising the Put Right and that Lessee is obligated to purchase the Project for the Fair Market Value Purchase Price pursuant to the Put Agreement (said period is herein referred to as the "Purchase Price Appraiser Period"), Lessor and Lessee shall work together to appoint an MAI appraiser with not less than ten (10) years experience with working knowledge of current purchase prices for projects similar to the Project and valuing similar projects in Kingsport, Tennessee, Johnson City, Tennessee or Bristol, Tennessee and the surrounding communities. If Lessor and Lessee agree on such an appraiser prior to the expiration of the Purchase Price Appraiser Period, then said appraiser will determine the Fair Market Value Purchase Price and such determination will be binding on Lessor and Lessee and cost of the appraisal shall be split equally between Lessor and Lessee. If Lessor and Lessee do not agree on such an appraiser prior to the expiration of the Purchase Price Appraiser Period, then the parties shall follow the procedure set forth in the next paragraph to determine the Fair Market Value Purchase Price.

Within ten (10) days after the last day of the Purchase Price Appraiser Period, Lessor and Lessee shall each select an independent MAI appraiser with not less than ten (10) years experience valuing similar projects in Kingsport, Tennessee, Johnson City, Tennessee or Bristol, Tennessee and the surrounding communities, at their own cost and expense. If either Lessor or Lessee fails to appoint an appraiser within the 10-day period referred to above, the appraiser appointed by the other Party shall be the sole appraiser for the purposes hereof. The two (2) appraisers selected, as aforesaid, shall mutually pick a third MAI appraiser who has ten (10) years experience as aforesaid. The three (3) appraisers shall appraise the Fair Market Value Purchase Price of the Project. The two (2) closest appraisals will be averaged to determine the Fair Market Value Purchase Price of the Project. The cost of the third appraisal shall be split equally between Lessor and Lessee.

EXHIBIT "J"

CURRENT SNDA

SUBORDINATION, ATTORNMENT AND NONDISTURBANCE AGREEMENT

THIS AGREEMENT is entered into as of the date set forth below by and between the Lender and Tenant defined below.

The following capitalized terms are definitions for the purpose of this agreement: PROTECTIVE LIFE INSURANCE COMPANY, its successors and/or Lender: assigns. WELLMONT HEALTH SYSTEM, a Tennessee nonprofit corporation Tenant: THE HEART CENTER PARTNERSHIP, a Tennessee general partnership Landlord: Lease dated ______, 2010 demising the premises described Lease: therein ("Leased Premises") and located on the Property the real property described in Exhibit A attached hereto and made a part Property: hereof, together with all buildings and improvements situated thereon Indenture: and Security Agreement which encumbers the Property to secure a mortgage loan made by Lender to Landlord, and recorded in Book , Page in the real property records of Sullivan County, Tennessee

WITNESSETH:

WHEREAS, Lender is now the owner and holder of the Indenture; and

WHEREAS, Landlord is the owner of the Property; and

WHEREAS, Tenant is the holder of the lessee's interest in the Lease covering the Leased Premises; and

WHEREAS, Tenant, Landlord and Lender desire to confirm their understanding with respect to the Lease and the Indenture.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Lender, Landlord and Tenant hereby agree and covenant as follows:

- 1. Subject to the terms of this Agreement, the Lease and the rights of Tenant thereunder are now and at all times hereafter shall be subject and subordinate to the Indenture and to all renewals, modifications or extensions thereof, but such renewals, modifications and extensions shall nevertheless be subject and entitled to the benefits of the terms of this Agreement. This Agreement is not intended and shall not be construed to subordinate the Lease to any indenture, mortgage, deed of trust or other security document other than the Indenture referred to herein that secures the indebtedness to Lender.
- 2. So long as Tenant is not in default (beyond any period given Tenant to cure such default) in the payment of rent or in the performance of any of the terms, covenants or conditions of the Lease on Tenant's part to be performed, Tenant's possession of the Leased Premises and Tenant's rights and privileges under the Lease, or any renewals, modifications, or extensions thereof which may be effected in accordance with any option granted in the Lease, shall not be diminished or interfered with by Lender, and Tenant's occupancy of the Leased Premises shall not be disturbed by Lender during the term of the Lease or any such renewals, modifications, or extensions thereof.
- 3. So long as Tenant is not in default (beyond any period given Tenant to cure such default) in the payment of rent or in the performance of any of the terms, covenants or conditions of the Lease on Tenant's part to be performed, Lender will not join Tenant as a party defendant for the purpose of terminating or otherwise affecting Tenant's interest and estate under the Lease in any action or proceeding brought by Lender for the purpose of enforcing any of its rights in the event of any default under the Indenture; provided however, Lender may join Tenant as a party in any such action or proceeding IF such joinder is necessary under any statute or law for the purpose of effecting the remedies available to the Lender under the Indenture, BUT ONLY for such purpose and NOT for the purpose of terminating the Lease and provided that such joinder shall not result in the termination of the Lease or disturb or interfere with Tenant's possession, use or quiet enjoyment of the Leased Premises. Landlord shall defend, indemnify and hold Tenant harmless from any such joinder of Tenant by Lender.
- 4. Notwithstanding anything in the Lease to the contrary, Tenant shall notify Lender in writing of the occurrence of any default by Landlord that would permit Tenant to terminate the Lease and shall permit Lender a period of thirty (30) days from the date of such notice (the "Cure Period") in which to cure such default prior to proceeding to exercise any right of Tenant to terminate the Lease; provided, however, that the Cure Period granted to Lender herein: (i) shall be extended by any period of time during which Lender is diligently pursuing the cure of a default which cannot reasonably be expected to be cured within the initial thirty (30) day Cure Period, and (ii) shall not be deemed to commence until after any period of time during which Lender is pursuing acquisition of title to the Leased Premises through foreclosure or otherwise, such period to include, without limitation, any period of time (a) during which Lender's acquisition of title to the Leased Premises is stayed by any proceeding in bankruptcy, any injunction or other judicial process, and (b) after acquisition of title by Lender during which Landlord or any other party is contesting the validity of the acquisition or Lender's title to the Leased Premises, provided that in no event shall Tenant be required to forbear from executing its remedy to terminate the Lease for a period in excess of sixty (60) days. In no event shall Tenant be required to forebear from executing any rights and remedies under the Lease other than termination for any period and notwithstanding a cure of any default by Lender.

So long as the Indenture (including all extensions, modifications and renewals thereof) encumbers the Property, Tenant agrees that Tenant's right of first refusal to purchase contained in the Lease and all rights of Tenant thereunder (a) are now and at all times hereafter shall be subject and subordinate to the Indenture, and (b) that foreclosure of the Indenture by Lender or a taking of a deed in lieu of foreclosure by Lender (collectively "foreclosure") will not give rise to any rights of Tenant under the said right of first refusal and Tenant will not attempt to assert any such rights in the event of foreclosure or assert any such rights against a purchaser at foreclosure; provided, however, foreclosure will not terminate the said right of first refusal which right shall continue to be applicable after foreclosure or a purchase at foreclosure, as applicable.

- 5. If Lender shall become owner of the Leased Premises by reason of foreclosure or other proceedings brought by it, or by any other manner, or if Lender succeeds to the interests of the Landlord under the Lease, Tenant shall be bound to Lender under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof which may be effected in accordance with any option granted in the Lease, with the same force and effect as if Lender were the Landlord under the Lease, and Tenant does hereby attorn to Lender as its Landlord, such attornment to be effective and self-operative without the execution of any further instruments on the part of any of the parties hereto, PROVIDED, HOWEVER, that Tenant shall be under no obligation to pay rent to Lender until Tenant receives written notice from Lender that it has become such owner or has succeeded to the interest of the Landlord under the Lease. The respective rights and obligations of Tenant and Lender upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such extensions and renewals, shall be and are the same as now set forth therein; it being the intention of the parties hereto for this purpose to incorporate the Lease in this Agreement by reference with the same force and effect as if set forth at length herein.
- 6. If Lender shall become owner of the Leased Premises by reason of foreclosure or other proceedings brought by it, or by any other manner, or if Lender shall succeed to Landlord's interest in the Lease, then the Lease shall continue, and during the period of Lender's ownership of such interest, but not thereafter, Lender shall be bound to Tenant under all the terms, covenants and conditions of the Lease, and during the period of Lender's ownership of Landlord's interests in the Lease, Tenant shall have the same remedies against Lender for the breach of an agreement contained in the Lease that Tenant would have had against the Landlord if Lender had not become such owner or had not succeeded to Landlord's interest therein; PROVIDED, HOWEVER, that notwithstanding any provision in the Lease to the contrary, Lender shall not be:
 - (a) liable for any act or omission of any prior landlord arising under the Lease (including the Landlord) or subject to any offsets or defenses which Tenant may have against any prior landlord arising under the Lease (including the Landlord) except acts, omissions, offsets and defenses of which Lender has previously been given notice in accordance with the terms of this Agreement; or
 - (b) bound by any rents or additional rent which Tenant might have paid for more than the current month to any prior landlord (including the Landlord); or

- bound by any material amendment or modification of the Lease made without Lender's consent, which consent Lender shall not unreasonably withhold, condition or delay; provided, however, that Landlord and Tenant may amend or modify the Lease without Lender's consent (and Lender will be bound to such amendments and modifications) in connection with matters that Tenant may effect as a matter of right under the Lease, including, but not limited to, Tenant's options to renew under the Lease and Tenant's right to exercise its right of first refusal under the Lease (which may result in a termination of the Lease). Notwithstanding the preceding sentence, nothing in this Agreement shall be deemed to preclude Landlord and Tenant from hereafter modifying or amending the Lease, provided that any material modification or amendment will not be binding on Lender unless such material modification or amendment is approved in by Lender (such approval not to be unreasonably withheld, conditioned or delayed).
- 7. The terms "holder of a mortgage" and "Lender" or any similar term herein or in the Lease shall be deemed to include Lender and any of its successors or assigns, including anyone who shall have succeeded to ownership of the Leased Premises or to Landlord's interests by, through or under foreclosure of the Indenture, or deed in lieu of such foreclosure or otherwise.

The term "Landlord" shall be deemed to include Landlord, the holder of the lessor's interest in the Lease and the fee owner of the Leased Premises and the successors and assigns of any of the foregoing.

- 8. The Landlord has assigned to Lender all of Landlord's right, title and interest in the Lease by an Assignment of Rents and Leases ("Rent Assignment"). If in the future there is a default by the Landlord in the performance and observance of the terms of the Indenture, the Lender may at its option under the Rent Assignment require that all rents and other payments due under the Lease be paid directly to Lender. Upon notification to that effect by the Lender, Tenant agrees to pay any payments due under the terms of the Lease to the Lender. The Rent Assignment does not diminish any obligations of the Landlord under the Lease or impose any such obligations on the Lender. Landlord hereby expressly authorizes Tenant to make such payments to Lender upon reliance on Lender's written notice (without any inquiry into the factual basis for such notice or any prior notice to or consent from Landlord) and Landlord hereby releases and discharges Tenant of and from all liability to Landlord in connection with Tenant's compliance with Lender's written instructions regarding the payment of rents and other payments due under the Lease.
- 9. This Agreement may NOT be modified except by a written agreement signed by the parties hereto or their respective successors in interest. This agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.
- 10. The Indenture and any other documents evidencing the loan from Lender to Landlord will not cover or be construed as subjecting in any manner to the liens thereof, any trade fixtures, equipment, signs or other tangible or intangible personal property at any time located in the Leased Premises and owned by Tenant or furnished or installed by, on behalf of, or at the expense of Tenant. The term "trade fixture" means a fixture that when removed from the Leased Premises

will not do material damage to the Leased Premises, as well as any personal property, fixtures and equipment that, under the terms of the Lease, may be removed and retained by Tenant.

- 11. If any legal action, arbitration or other proceeding is commenced to enforce any provision of this Agreement, the prevailing party shall be entitled to an award of its reasonable and actual expenses incurred in such proceeding, including, without limitation, expert witness fees and attorneys' fees and disbursements.
- 12. Any notice or communication required or permitted hereunder shall be given in writing, sent by hand delivery, by reputable commercial overnight courier service (such as, but not limited to, Federal Express), or by United States mail, postage prepaid, certified mail, return receipt requested, addressed as set forth in the Lease if to Tenant or Landlord and addressed as set forth below if to Lender, or to such other address or in care of such other person as hereinafter shall be designated in writing by the applicable party, and shall be deemed to have been given as of the time of receipt. Rejection or other refusal to accept a notice or the inability to deliver the same because of a changed address of which no notice was given, shall be deemed to be receipt of the notice on the date delivery was first attempted.

[DRAFTING NOTE: LENDER TO INSERT ADDRESS]

13. Any party to this Agreement may record this Agreement in the real property records of Sullivan County, Tennessee.

IN WITNESS WHEREOF, the parties have executed this Agreement on the respective dates set forth in the acknowledgements below.

ATTEST:	"Lender" PROTECTIVE LIFE INSURANCE COMPANY
BY:	BY:
ITS: Assistant Secretary	ITS:
[CORPORATE SEAL]	

$\frac{\textbf{ACKNOWLEDGMENT}}{(\text{for Lender})}$

"Tenant"

WELLMONT HEALTH SYSTEM

BY:

ITS:

ACKNOWLEDGMENT (for Tenant)

"Landlord"

THE HEART CENTER PARTNERSHIP

BY:

ITS:

ACKNOWLEDGMENT (for Landlord)

EXHIBIT "A"

(Legal Description of Property)

EXHIBIT "K"

PARKING LOT ROFR

[Attached]

B.II.E.1.--Fixed Major Medical Equipment--FDA Approval



DCT 15 1996

Food and Drug Administration 9200 Corporate Boulevard Rockville MD 20850

William Skremsky Regulatory Affairs Specialist CTI, Inc. 810 Innovation Drive Knoxville, TN 37932 Re: K962797

ECAT EXACT and EACT EXACT HR+. Dated: July 12, 1996 Received: July 18, 1996

Regulatory class: II

21 CFR 892.1200/Procode: 90 KPS

Dear Mr. Skremsky:

We have reviewed your Section 510(k) notification of intent to market the device referenced above and we have determined the device is substantially equivalent (for the indications for use stated in the enclosure) to devices marketed in interstate commerce prior to May 28, 1976, the enactment date of the Medical Device Amendments, or to devices that have been reclassified in accordance with the provisions of the Federal Food, Drug, and Cosmetic Act (Act). You may, therefore, market the device, subject to the general controls provisions of the Act. The general controls provisions of the Act include requirements for annual registration, listing of devices, good manufacturing practice, labeling, and prohibitions against misbranding and adulteration.

If your device is classified (see above) into either class II (Special Controls) or class III (Fremerica Approval), it may be subject to such additional controls. Existing major regulations affecting your device can be found in the Code of Federal Regulations. Title 21, Parts 800 to 895. A substantially equivalent determination assumes compliance with the Good Manufacturing Practice for Medical Devices: General (GMP) regulation (21 CFR Part 820) and that, through periodic GMP inspections, the Food and Drug Administration (FDA) will verify such assumptions. Failure to comply with the GMP regulation may result in regulatory action. In addition, FDA may publish further announcements concerning your device in the Federal Register. Please note: this response to your premarket notification submission does not affect any obligation you might have under sections 531 through 542 of the Act for devices under the Electronic Product Radiation Control provisions, or other Federal laws or regulations.

This letter will allow you to begin marketing your device as described in your 510(k) premarket solification. The FDA inding of substantial equivalence of your device to a legally marketed predicate device results in a classification for your device and thus, permits your device to proceed to the market.

If you desire specific advices for your device on our labeling regulation (21 CFR Part 801 and additionally 809.10 for in vitro diagnostic devices), please contact the Office of Compliance at (301) 594-4591 for Radiology devices, or 594-4613 for Har, None and Threat devices. Additionally, for questions on the promotion and advertising of your device, please contact the Office of Compliance at (301) 594-4639. Also, please note the regulation entitled, "Misbranding by reference to premarket notification" (21 CFR 807.97). Other general information on your responsibilities under the Act may be obtained from the Division of Small Manufacturers Assistance at its toll-free number (800) 638-2041 or at (301) 443-6597.

Sincerely yours,

Lillian Yin, Ph.D.

Director, Division of Reproductive,

Abdominal, Bar, Nose and Thrust, and Radiological Devices

Office of Device Evaluation

Center for Devices and

Radiological Health

B.II.E.3--Major Medical Equipment and Draft Leases

Nuclear Imaging Services, Inc.

Quality Services • Dependable Results

2013 APR 15 PM 3: 05

February 6, 2013

Nuclear Imaging services Inc.

263 Holland View Drive Jonesborough, TN 37659

Phone: 423-773-3717 Fax: 423-282-5070

Email: dsmithnis@yahoo.com

CVA Heart Institute 2050 Meadowview Drive Kingsport, TN 37660 Attn: Tim Attebery

Email: tattebery@mycva.com

Tim,

After researching the specific scanner to "current" market conditions we have determined FMV (Fair Market Value) would be \$325,000.00 dollars.

Siemens 2000 LS-EXCAT Pet System

System Includes:

- 1. Camera
- 2. Workstation
- 3. Software
- 4. Water Chiller Unit
- 5. Lead Door
- 6. in-lab furniture
- 7. miscellaneous in lab and control room

Cotte

8. Special Note* (FMV) Fair Market Value does not include the CON If you have any other questions please contact me @ 423-773-3717

Thank You?

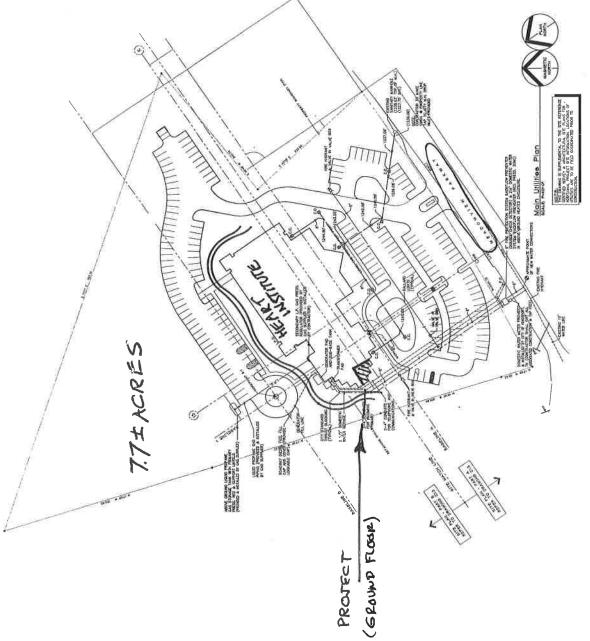
Dennis G. A. Smith

B.III.--Plot Plan

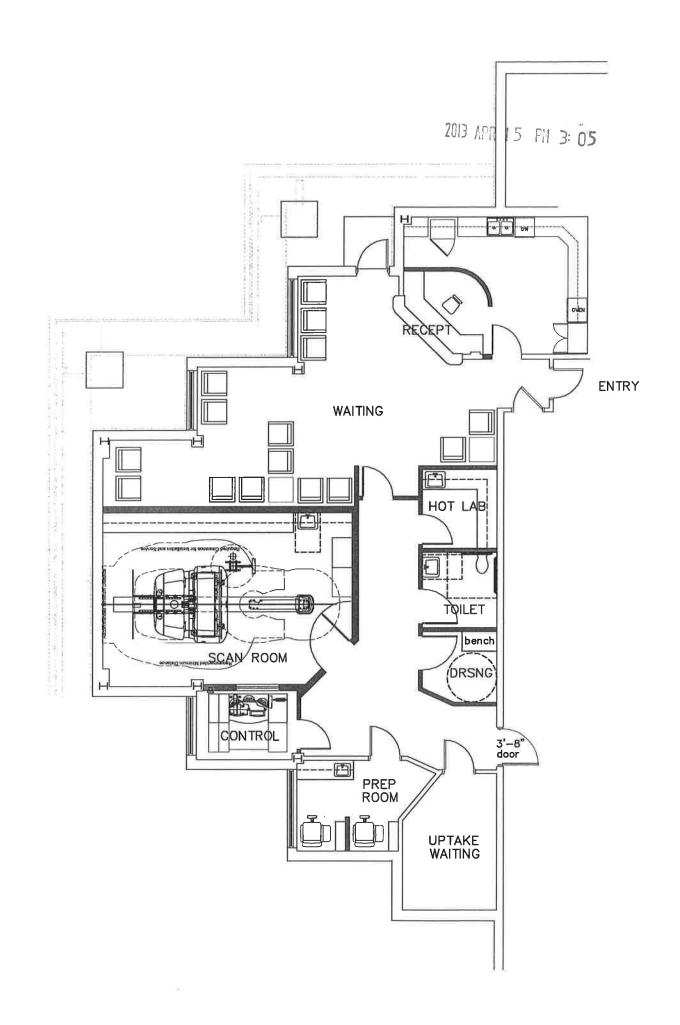


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B.IV.--Floor Plan



C, Need--1.A.3.e. Letters of Intent



Precision Nuclear, LLC

April 15, 2013

Rob Gregory Lifescan, TN 830 Suncrest Drive, Suite 2 Gray, TN 37615

Dear Mr. Gregory:

This letter is to confirm the ability and willingness of Precision Nuclear, LLC to supply your PET imaging system and the PET imaging system at CVA Heart Institute with unit dose [N13]NH₃ Ammonia for cardiac PET perfusion imaging for the calendar years of 2013 and 2014 at their proposed locations in Johnson City and Kingsport, Tennessee, should their relocation from the existing location in Gray, Tennessee, be approved by the State of Tennessee. If you have any questions or concerns, please do not hesitate to contact me directly.

Sincerely,

Alan W. Arp, Pharm.D.

President, Precision Nuclear, LLC

LIFESCAN LEASING OF TENNESSE 2 LEC 15 PM 3: 05

February 8, 2013

Wellmont Cardiology Services 1905 American Way Kingsport, TN 37660

Dear Mr. Attebery:

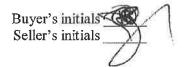
Lifescan Leasing of Tennessee, LLC (Seller) is pleased to submit this binding letter of intent and agreement ("LOA"), which supersedes all prior letters of intent and discussions, to sell a PET camera and ancillary equipment as described on Exhibit A owned by Seller to Wellmont Cardiology Services (Buyer) upon the terms and conditions as set forth in this Letter Agreement.

Terms of the sale are as follows:

- a) Purchase price is \$325,000 to be paid in full at closing in cash, certified funds, wire transfer or other cash equivalent as agreed between Buyer and Seller.
- b) Purchase shall include the PET camera, hardware for the same, software and workstation used to operate said camera, water cooler and any further equipment used specifically for operation of the PET camera. Such PET Camera and equipment is more specifically described on the attached Exhibit A (the "Equipment").
- c) It is understood that the Tennessee Certificate of Need (CON) is held by Lifescan Tennessee, LLC, the current Lessee of the Equipment, and that the same has agreed to release its rights to the Equipment under said lease. This sale shall be contingent upon receipt by Buyer of a CON from the Tennessee Health Services and Development Agency (HSDA) for the relocation and operation of the Equipment. Further, it is known to Buyer that Karing Hearts Cardiology, PLLC will also be obtaining a CON for relocation and operation of another PET camera owned by Seller and that this sale under this Letter of Agreement is contingent on both Buyer and Karing Hearts Cardiology, PLLC obtaining CONs from DHSA. If one or the other of Buyer and Karing Hearts Cardiology, PLLC is unable to obtain the necessary approval from HSDA within six months of this Letter of Agreement, then this Letter of Agreement will be void and the parties may renegotiate for the sale. All costs of obtaining a CON for Buyer shall be the responsibility of Buyer. The parties shall cooperate with each other in the obtaining of CONs for Buyer and Karing Hearts Cardiology, PLLC who have signed to consent to this sale.
- d) Closing shall occur within 30 days of the time that Buyer and Karing Hearts Cardiology, PLLC both have received CON's for use, relocation and operation of PET cameras.



- e) Non-compete in favor of Seller: Buyer and its affiliates (which shall include Wellmont Health Services, and any entity in which Buyer may have an ownership or managerial interest) and the officers of Buyer and its affiliates, owners of Buyer and its affiliates, managers of Buyer and its affiliates, agree that they shall not directly or indirectly, operate a PET camera within Washington County and/or Carter County Tennessee for a period of four years from the date of closing. The parties agree that to the extent any provision or portion of this non-compete in favor of Seller shall be held, found or deemed to be unreasonable, unlawful or unenforceable by a court of competent jurisdiction, then any such provision or portion thereof shall be deemed to be modified to the extent necessary in order that any such provision or portion thereof shall be legally enforceable to the fullest extent permitted by applicable law; and the parties do further agree that any court of competent jurisdiction shall, and the parties hereto do hereby expressly authorize, require and empower any court of competent jurisdiction to, enforce any such provision or portion thereof in order that any such provision or portion thereof shall be enforced to the fullest extent permitted by applicable law. Wellmont Health Services joins this Letter of Agreement to consent to these terms and bind it to the same.
- Non-compete in favor of Buyer: Seller and its affiliates (which shall include Lifescan Tennessee, LLC, Karing Hearts Cardiology, PLLC, Dr. Jeffrey Schoondyke, and any entity in which Buyer may have an ownership or managerial interest) and the officers of Buyer and its affiliates, owners of Buyer and its affiliates, managers of Buyer and its affiliates, agree that they shall not directly or indirectly, operate a PET camera within Sullivan County and/or Hawkins County Tennessee for a period of four years from the date of closing. The parties agree that to the extent any provision or portion of this non-compete in favor of Seller shall be held, found or deemed to be unreasonable, unlawful or unenforceable by a court of competent jurisdiction, then any such provision or portion thereof shall be deemed to be modified to the extent necessary in order that any such provision or portion thereof shall be legally enforceable to the fullest extent permitted by applicable law; and the parties do further agree that any court of competent jurisdiction shall, and the parties hereto do hereby expressly authorize, require and empower any court of competent jurisdiction to, enforce any such provision or portion thereof in order that any such provision or portion thereof shall be enforced to the fullest extent permitted by applicable law. Lifescan Tennessee, LLC, Positron Emission Technology Group, LLC, Karing Hearts Cardiolody, P.C., and Dr. Jeffrey Schoondyke each join this LOA to consent to these terms and be bound to the same.
- g) This LOA shall further be contingent upon inspection by Buyer of the Equipment. Buyer may inspect the Equipment at any time and upon reasonable request to Seller during the term of the LOA. Buyer shall have a further right to inspect the Equipment within ten days of receipt of the CONs for Buyer and Karing Hearts Cardiology, PLLC. Any concerns over condition shall be expressed in writing to Seller within five days of the inspection. If Buyer and Seller cannot agree to repairs or adjustments to accommodate the concerns within five days from the time the



writing concerns are delivered to Seller (whether from the initial inspection or after the CON is obtained), this LOA shall be void.

- h) Buyer and Seller shall agree by mutual consent the allocation of the purchase price between the non-competition provisions and the Equipment being sold.
- i) Buyer and Seller represent that this sale is in compliance with all state and federal health care laws, including but not limited to the federal anti-kickback statute (42 U.S.C. §1320a-7b) and Stark II (42 U.S.C. §1395nn)), and to the extent any provision is found to violate any state or federal law, the parties agree to work in good faith to modify this LOA to obtain compliance with the same.
- j) Buyer agrees to indemnify Seller for any and all liability associated with the Equipment and arising after closing and Seller agrees to indemnify Buyer for any and all liability associated with the Equipment and arising prior to closing.
- k) Seller represents to Buyer that Seller is the true and lawful owner of the Equipment; holds good, absolute, and marketable title in and to the Equipment; has full corporate power and authority to sell and convey the same, in each case free and clear of all liens. Upon closing of this transaction, Seller shall forever defend, indemnify and hold Buyer harmless from and against any and all liabilities, obligations, claims, damages, costs, expenses, including costs and reasonable attorneys' fees, related to or arising from any third party claim that Buyer is not vested with full legal title to the Equipment.

We are eager to move forward with the transaction contemplated herein. If you are in agreement, please indicate your acceptance by signing below, initialing each page and returning one copy to us. We will then coordinate the signatures of the remaining parties. This LOA shall be binding only upon receipt of all signatures to the same.

We appreciate this opportunity and look forward to your response.

Yours truly,

Lifescen Leasing of Tennessee, LLC

By: Jeffrey Schoondyke, Managing Member

Agreed and accepted this 5th day of February, 2013.

Wellmont Cardiology Services, Buyer By: Gerald Blackwell, MD

Title: President

Buyer's initials Seller's initials

Agreement and consent:

The following parties are third party beneficiaries or otherwise bound by the terms of this LOA through their relation to Buyer and/or Seller. These entities and their representatives have reviewed the Letter of Agreement and by their signatures below bind themselves and the entities they represent to undertaking any actions necessary to effect the transaction, including the non-competition provisions, described in this LOA. These signatures may be taken in counterparts.

Agreed and accepted this day of	, 2013.
Wellmont Health Services By:	
Title:	
Agreed and accepted this 15 day of MacCM	, 2013.
Lirescan Tennessee, LLC By: Robert Gregory, Managing Member	
Agreed and accepted this 5 day of MATCH	, 2013.
Positron Emission Technology Group, LLC By: Jeffrey Schoondyke, Managing Member	
Agreed and accepted this 15 day of Morch	, 2013.
Karing Heart Cardiology, PLLC By: Jeffrey Schoondyke, Managing Member Title:	
Agreed and accepted this Bday of Mary	, 2013.
Dr. Jeffred Schoondyke, Individually	

Buyer's initials Seller's initials

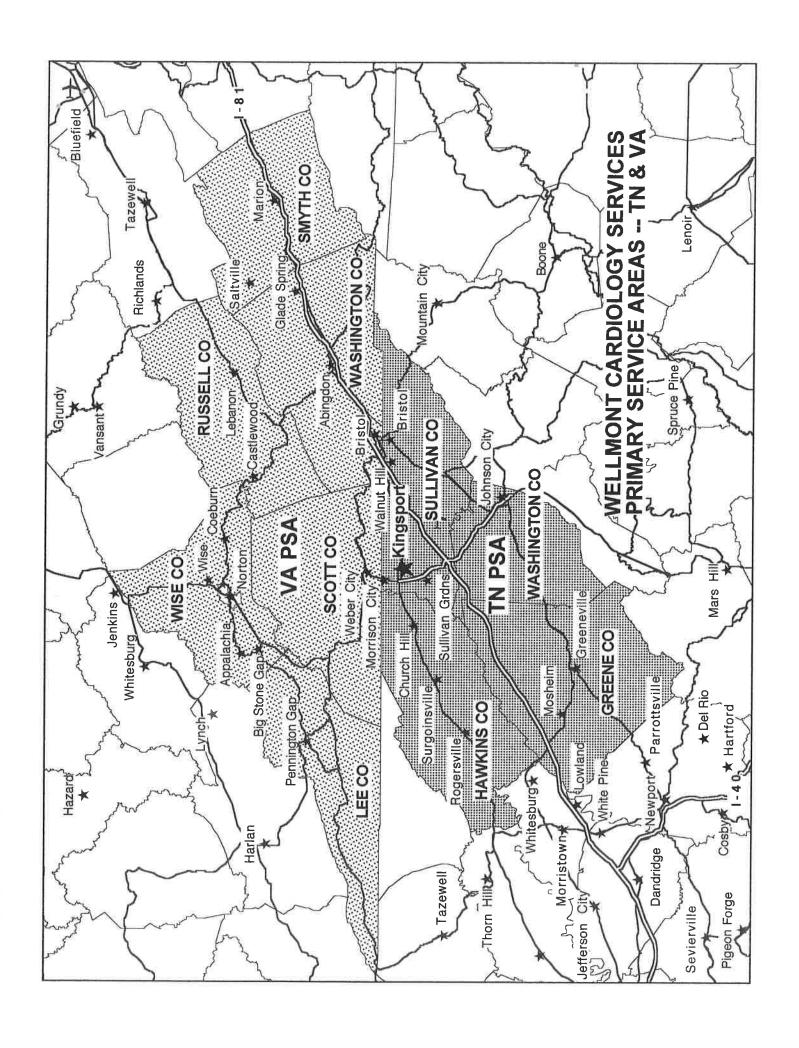
Exhibit A

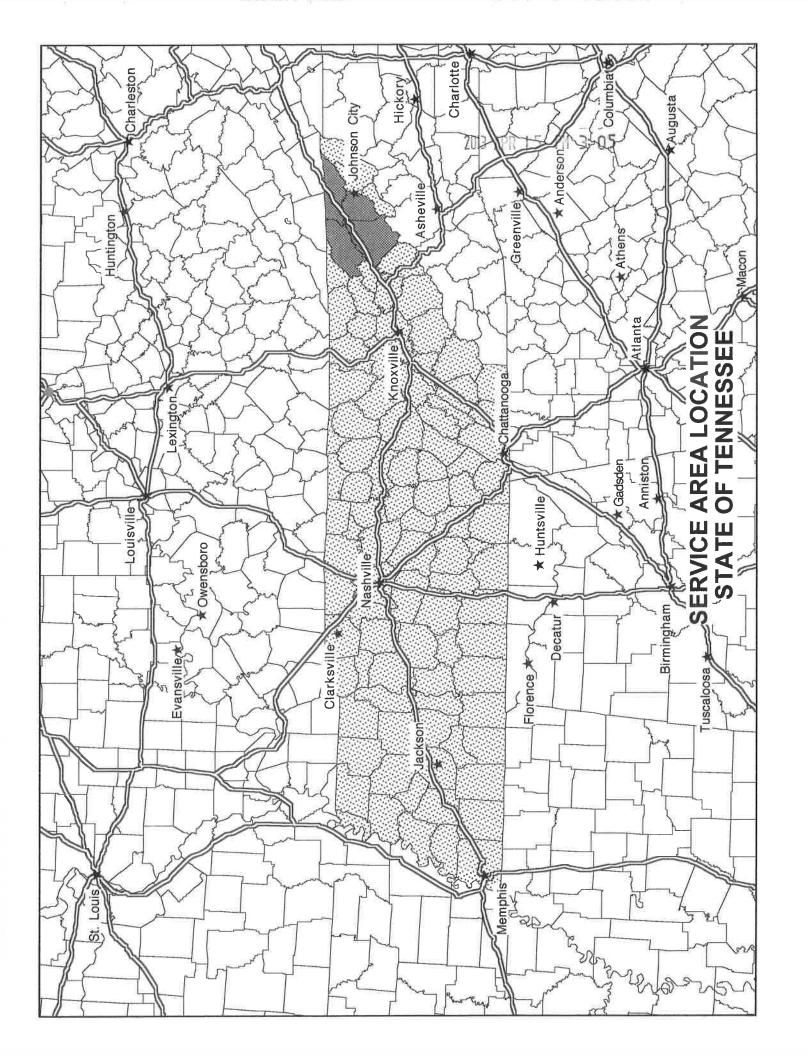
Siemens 2000 LS-EXCAT Pet System

System Includes:

- 1. Camera
- 2. Workstation
- 3. Software
- 4. Water Chiller Unit
- 5. Lead Door
- 6. In-lab furniture

C, Need--3 Service Area Maps





C, Economic Feasibility--1 Documentation of Construction Cost Estimate



April 12, 2013

Mr. Jim Moore, Vice President of Facilities Wellmont Health System CVA Heart Institute in Kingsport 2050 Meadowvlew Parkway Kingsport, Tennessee 37660

Subject:

Verification for Construction Cost Estimate

New Outpatient Diagnostic Center - Cardiac PET Lab

Kingsport, Tennessee

CalnRashWest, Architects, an architectural firm in Kingsport, Tennessee, has reviewed the cost data for the above referenced project, for which this firm has provided a preliminary design. The stated renovated construction budget cost is approximately \$520,000.00. [In providing opinions of probable construction cost, the Client understands that the Architect has no control over the cost or availability of labor, equipment or materials, or over market conditions of the final selected Contractor's method of pricing, and that the Architect's opinions of probable construction costs are made on the basis of the Architect's professional judgment and experience. The Architect makes no warranty, express or implied, that the bids or negotiated cost of the Work will not vary from the Architect's opinion of probable construction cost.]

It is our opinion that at this time, the projected renovation construction budget cost is reasonable for this type and size of project and compares appropriately with similar projects in this market.

The current building codes applicable to the project, as the date of the letter, will be:

International Building Code, 2006
NFPA 101 Life Safety Code, 2006
FGI Guidelines for Design and Construction of Health Care Facilities, 2010 Edition
ANSIA-117.1, 2003

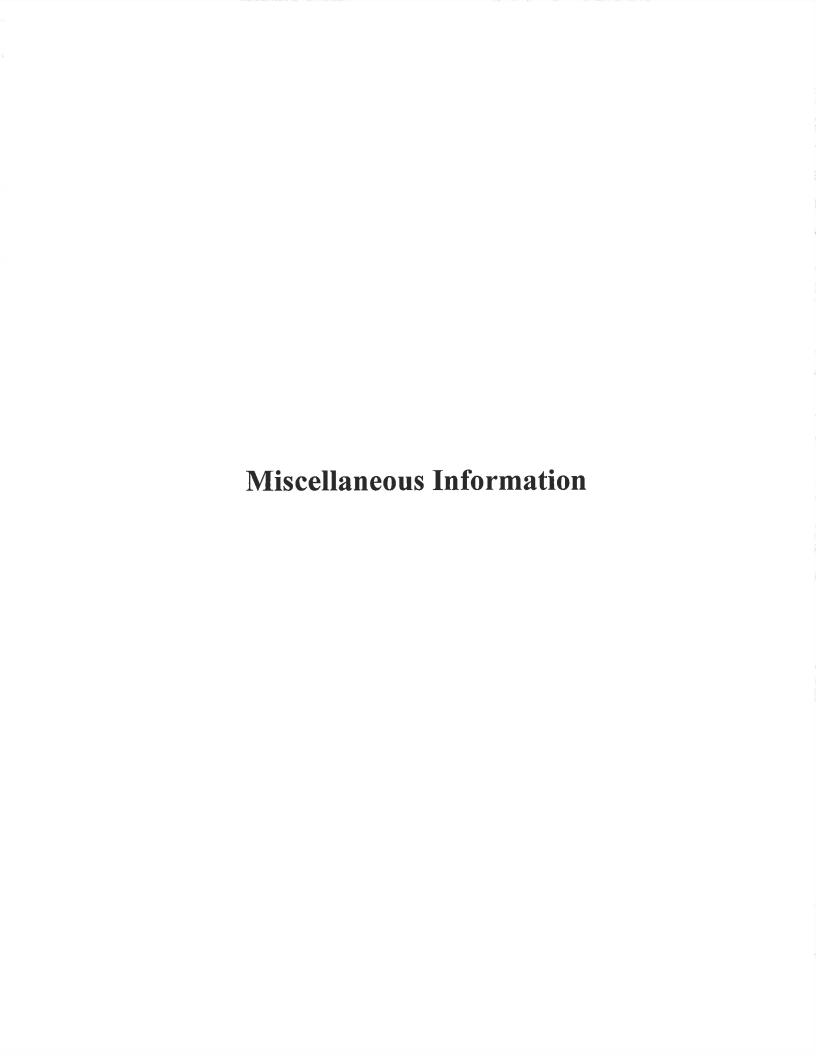
Sincerely,

M. Hiram Rash, AIA TN License # 15351

CainRashWest, Architects

C, Economic Feasibility--2
Documentation of Availability of Funding

C, Economic Feasibility--10 Financial Statements



REVIEW ARTICLE

Recent advances in cardiac PET and PET/CT myocardial perfusion imaging

Gary V. Heller, MD, PhD, Dennis Calnon, MD, and Sharmila Dorbala, MD^c

Cardiovascular imaging has gained an important role in the evaluation of patients with either known or suspected coronary artery disease. The choices have expanded, imaging procedures have improved. Currently, testing procedures include echocardiography, magnetic resonance imaging, cardiac CTA, cardiac catheterization, and nuclear myocardial perfusion imaging with either single photon emission computed tomography (SPECT) or positron emission tomography (PET). Each of these imaging modalities has its strengths and weaknesses. However, SPECT myocardial perfusion imaging has emerged as a reliable and widely available tool for physicians to use in the assessment of their patient for the exclusion or presence and severity of CAD. Recently, cardiac PET has emerged as an alternative to SPECT imaging.

Cardiac positron emission tomography (PET) imaging has gained considerable support and use in the field of cardiovascular imaging over the past several years. For example, delivery of the most accessible PET tracer, Rubidium-82 (RB-82) has quadrupled; the use of myocardial viability studies has increased, and the value of cardiac PET perfusion imaging is now being recognized. This recent increase in activity and interest has been spearheaded by several factors, such as availability of the camera technology, advances in cardiac PET acquisition and perfusion procedures, improved display procedures and software, as well as literature supporting the diagnostic and prognostic accuracy of PET perfusion

From the Nuclear Cardiology Laboratory, Henry Low Heart Center, Hartford Hospital, Hartford, CT; Nuclear Cardiology Laboratory, McConnell Heart Hospital at Riverside Methodist Hospital, Columbus, OH; Nuclear Medicine Laboratory, Brigham and Women s Hospital, Boston, MA.

The review includes a summary of presentations made by the authors at a symposium sponsored by the same organization at the Annual Scientific Sessions of ASNC in San Diego, September 10-14, 2007 as well as recent advancements in the literature.

Received for publication Jun 18, 2009; final revision accepted Aug 16, 2009.

Reprint requests: Gary V. Heller, MD, PhD, Nuclear Cardiology Laboratory, Henry Low Heart Center, Hartford Hospital, 80 Seymour Street, P.O. Box 5037, Hartford, CT 06102-5037, USA; gheller@harthosp.org.

J Nucl Cardiol 2009;16:962-9.

1071-3581/\$34.00

Copyright © 2009 by the American Society of Nuclear Cardiology. doi:10.1007/s12350-009-9142-5

imaging. This review will highlight cardiac PET as presented in a recent symposium with regards to differences between SPECT imaging and PET, literature supporting cardiac PET for both diagnostic accuracy and risk stratification, and features of cardiac PET/CT that differentiate it from SPECT. The review includes recent literature advances.

SINGLE-PHOTON-COMPUTED TOMOGRAPHIC IMAGING: STRENGTHS AND WEAKNESSES

Single-photon-computed tomographic imaging (SPECT) has been successfully performed for over 30 years. Over 6 million studies are performed annually with a rich literature confirming both diagnostic and accuracy prognostic value. Over these years, considerable advancement has been made in the technology to improve image quality and shorten acquisition protocols. Its strengths are many including standardized protocols, ease of use, availability, and established guidelines (Table 1).

Despite these advances, however, several limitations of SPECT remain (Table 2). It is well recognized that SPECT techniques frequently underestimate the degree of ischemia and therefore the presence of multivessel coronary artery disease. The stress imaging protocols are inefficient and require much longer time than similar protocols for echo, CT, or even cardiac catheterization (2.5-4 vs 1 hour or less for other procedures). Recent advancements have targeted these long procedures including shortened acquisition times, as recently summarized by Slomka et al.1 Attenuation artifact with SPECT imaging is commonplace despite efforts to identify using techniques such as prone imaging, attenuation correction, and/or ECG-gated SPECT imaging. Tracer activity in the liver and gut structures are common with SPECT imaging, particularly popular technetium-based imaging agents. As a result, interpretative confidence is sometimes lacking.

CARDIAC PET PERFUSION IMAGING AS AN ALTERNATIVE TO SPECT

An alternative to SPECT imaging is cardiac PET perfusion imaging. <u>PET offers many advantages</u> (Table 3). These advantages include higher spatial and contrast resolution, resulting in higher image quality and

Table 1. Strengths of SPECT myocardial perfusion imaging

Standardized protocols

Small, relatively inexpensive camera systems suitable for offices

Well documented literature for diagnostic accuracy Well documented literature for risk stratification ACC/ASNC guidelines, appropriateness criteria Great acceptance by cardiology community

Table 2. Limitations of SPECT myocardial perfusion imaging

SPECT techniques underestimate ischemia severity Imaging protocols are inefficient (commonly 2-4 hours)

Attenuation artifacts are common GI tracer interference is common Interpretation confidence is often lacking

Table 3. Advantages of cardiac PET and PET/CT

Improved image quality
Higher spatial and contrast resolution
Accurate attenuation correction
Higher diagnostic accuracy
Excellent risk stratification
Rapid procedure
Rest and peak stress gating
Added information: blood flow, calcium, coronary CT

improved diagnostic accuracy. Attenuation correction, a technique validated with SPECT but infrequently used, is performed on every PET perfusion study. Excellent data are emerging with regards to risk stratification with PET perfusion. With Rb-82 as the radiotracer, the procedure is rapid (30-40 minutes, in comparison to 2.5-4 hours). Finally, added information such as regional blood flow, calcium scoring, and coronary CT can be provided, depending on instrumentation.

ADVANTAGES OF PET PERFUSION IMAGING

Improved Image Quality

The higher energy level of PET radiopharmaceutical activity (511 vs 140 keV for technetium) provides markedly improved image quality due to higher spatial resolution, less scatter, and common use of attenuation correction. These factors improve image quality and

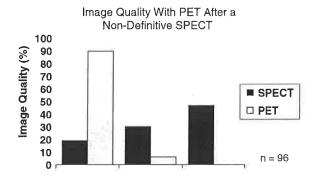


Figure 1. Comparison of image quality in patients undergoing SPECT and PET imaging. Adapted from Yoshinaga et al².

markedly reduce attenuation artifact. Image quality was recently studied by Yoshinaga et al² in which patients with equivocal SPECT studies were referred for cardiac PET imaging. In very high percentage of patients, the PET study patient resulted in good to excellent image quality, 90% for PET, 20% for SPECT (Figure 1). In that study, there was an obvious referral bias, but still demonstrated striking differences in quality in the same patient. Using a comparison of similar but matched patients undergoing SPECT or PET, Bateman, et al³ also reported a significant improvement in image quality with PET.

Attenuation artifact has been a major interpretation challenge for SPECT imaging. Because of the higher imaging activity of the radiopharmaceutical tracer as well as attenuation correction, PET imaging is far less susceptible to attenuation artifact. A recent study by Bateman et al³ evaluated artifact a similar group of SPECT and PET patients. As shown in Table 4 the incidence of significant artifact was reduced as well as gut uptake and particularly that in which interpretation could be compromised. A common reason for PET imaging inconclusive studies is that of an inconclusive

Table 4. Comparison of artifact between SPECT and PET perfusion imaging

	SPECT	PET	P value
No artifact	19 (17%)	49 (44%)	.0001
Minor artifact	26 (23%)	28 (25%)	.75
Significant artifact	64 (57%)	33 (29%)	.0003
Major artifact	3 (3%)	2 (2%)	.32
No GI uptake	45 (40%)	100 (89%)	<.001
Minor GI uptake	19 (17%)	5 (4%)	.0002
Significant GI uptake	46 (41%)	6 (5%)	<.001
Major GI uptake	2 (2%)	1 (1%)	.32

SPECT, Single photon emission computed tomography; PET, positron emission tomography; GI, gastrointestinal (Bateman et al 3).

ORIGINAL ARTICLES

Diagnostic accuracy of rest/stress ECG-gated Rb-82 myocardial perfusion PET: Comparison with ECG-gated Tc-99m sestamibi SPECT

Timothy M. Bateman, MD, abc Gary V. Heller, MD, PhD, A. Iain McGhie, MD, ac John D. Friedman, MD, James A. Case, PhD, bc Jan R. Bryngelson, BN, Ginger K. Hertenstein, CNMT, Kelly L. Moutray, MEd, Kimberly Reid, MS, and S. James Cullom, PhDbc

Background. Although single photon emission computed tomography (SPECT) and positron emission tomography (PET) myocardial perfusion imaging (MPI) have evolved considerably over the last decade, there is no recent comparison of diagnostic performance. This study was designed to assess relative image quality, interpretive confidence, and diagnostic accuracy by use of contemporary technology and protocols.

Methods and Results. By consensus and without clinical information, 4 experienced nuclear cardiologists interpreted 112 SPECT technetium-99m sestamibi and 112 PET rubidium-82 MPI electrocardiography (ECG)—gated rest/pharmacologic stress studies in patient populations matched by gender, body mass index, and presence and extent of coronary disease. The patients were categorized as having a low likelihood for coronary artery disease (27 in each group) or had coronary angiography within 60 days. SPECT scans were acquired on a Cardio-60 system and PET scans on an ECAT ACCEL scanner. Image quality was excellent for 78% and 79% of rest and stress PET scans, respectively, versus 62% and 62% of respective SPECT scans (both p < .05). An equal percent of PET and SPECT gated images were rated excellent in quality. Interpretations were definitely normal or abnormal for 96% of PET scans versus 81% of SPECT scans (p = .001). Diagnostic accuracy was higher for PET for both stenosis severity thresholds of 70% (89% vs 79%, p = .03) and 50% (87% vs 71%, p = .003) and was higher in men and women, in obese and nonobese patients, and for correct identification of multivessel coronary artery disease.

Conclusion. In a large population of matched pharmacologic stress patients, myocardial perfusion PET was superior to SPECT in image quality, interpretive certainty, and diagnostic accuracy. (J Nucl Cardiol 2006;13:24-33.)

Key Words: Single photon emission computed tomography • positron emission tomography • myocardial perfusion imaging

See related article, p. 2

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Radionuclide myocardial perfusion imaging (MPI) is performed worldwide for assessing patients with known or suspected coronary artery disease (CAD). Most commonly, either thallium-201 or a technetium-99m perfusion tracer is used via single photon emission computed tomography (SPECT). An alternative is myocardial perfusion positron emission tomography (PET) using either cyclotron-produced ammonia or generator-produced rubidium 82. There are several potential advantages of PET MPI, such as higher spatial resolution, greater counting efficiencies, and robust attenuation correction. All of these factors presumably form the basis of improved diagnostic accuracy in comparison to SPECT in studies performed more than a decade ago. ²⁻⁶ Although these studies were instrumental in shaping

Impact of Myocardial Perfusion Imaging with PET and ⁸²Rb on Downstream Invasive Procedure Utilization, Costs, and Outcomes in Coronary Disease Management

Michael E. Merhige^{1,2}, William J. Breen^{†1,3}, Victoria Shelton², Teresa Houston³, Brian J. D'Arcy^{1,3}, and Anthony F. Perna¹

¹Departments of Cardiology, Internal Medicine, and Nuclear Medicine, State University of New York at Buffalo, Buffalo, New York; ²Heart Center of Niagara, Niagara Falls, New York; and ³Buffalo Cardiology and Pulmonary Associates, Buffalo, New York

reported.

We hypothesized that PET myocardial perfusion imaging with 82Rb (PET MPI), would reduce downstream utilization of diagnostic arteriography, compared with SPECT, in patients matched for pretest likelihood of coronary disease (pCAD). PET MPI is more accurate for assessment of impaired coronary flow reserve compared with SPECT MPI, potentially reducing the demand for subsequent arteriography, percutaneous transcoronary intervention, and coronary artery bypass grafting (CABG), with attendant cost savings, while avoiding a negative impact on coronary events. Methods: The frequency of diagnostic arteriography, revascularization, costs, and 1-y clinical outcomes in 2,159 patients studied with PET MPI was compared with 2 control groups studied with SPECT MPI matched to the PET group by pCAD: an internal control group of 102 patients and an external SPECT control group of 5,826 patients. CAD management costs were approximated with realistic global fee estimates. Results: Arteriography rates were 0.34 and 0.31 for the external and internal control SPECT groups and 0.13 for the patients studied with PET (P < 0.0001). pCAD averaged 0.39 in patients studied with PET MPI, and in the external SPECT control group, and 0.37 in the internal SPECT controls. Revascularization rates were 0.13 and 0.11 for external and internal SPECT patients and 0.06 for the PET group (P < 0.0001; P < 0.01), with a cost savings of 30% noted for PET patients, with no significant difference in cardiac death or myocardial infaction at 1-y follow-up. Conclusion: PET MPI in patients with intermediate pCAD results in a >50% reduction in invasive coronary arteriography and CABG, a 30% cost savings, and excellent clinical outcomes at 1 y compared

J Nucl Med 2007; 48:1069-1076 DOI: 10.2967/jnumed.106.038323 contributing to unnecessary health care expense without improved patient outcomes (1-6). Management of coronary disease (CAD) currently utilizes noninvasive diagnostic testing as a "gatekeeper," which typically provokes invasive coronary arteriography when results are abnormal, to provide a definitive diagnosis of CAD. Thereafter, mechanical myocardial revascularization is usually performed on the basis of the coronary lumenogram, often without improved outcome—specifically in the hard endpoints of coronary death and myocardial infarction (MI)-despite great cost (7). Previous theoretic models have indicated that increased diagnostic accuracy of noninvasive testing, specifically myocardial perfusion imaging using PET (PET MPI), may reduce costs and improve outcomes when used in place of SPECT (SPECT MPI), in the routine management of CAD (8,9), however, documentation of this hypothesis in a prospective trial has not been previously

ompelling evidence has demonstrated that invasive

procedures such as coronary arteriography, coronary artery

bypass grafting (CABG), and percutaneous transcoronary

intervention (PTCI) are overutilized in the United States,

This study tests the hypothesis that a noninvasive strategy for CAD management using MPI, free of attenuation artifacts with improved resolution and image contrast due to substantially higher counts provided by PET, lowers costs of CAD management, through reduction of unnecessary downstream invasive diagnostic and therapeutic procedures, compared with conventional management with standard exercise SPECT, because of the improvement in diagnostic accuracy provided by PET.

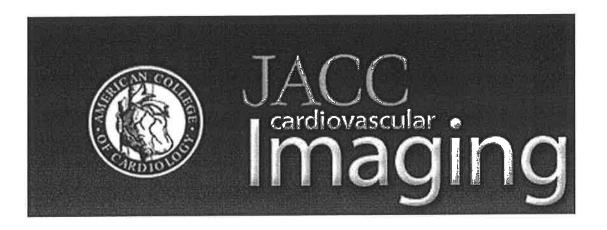
In this study, clinical outcomes, procedure utilization, and costs were evaluated in 2,159 sequential patients imaged with PET MPI and compared with 2 control groups of patients, matched for pretest likelihood of CAD (pCAD), who were imaged with SPECT MPI.

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Incremental Prognostic Value of Gated Rb-82 Positron Emission Tomography Myocardial Perfusion Imaging Over Clinical Variables and Rest LVEF Sharmila Dorbala, Rory Hachamovitch, Zelmira Curillova, Deepak Thomas, Divya Vangala, Raymond Y. Kwong, and Marcelo F. Di Carli J. Am. Coll. Cardiol. Img. 2009;2;846-854 doi:10.1016/j.jcmg.2009.04.009

This information is current as of July 14, 2009

The online version of this article, along with updated information and services, is located on the World Wide Web at: http://imaging.onlinejacc.org/cgi/content/full/2/7/846





Incremental Prognostic Value of Gated Rb-82 Positron Emission Tomography Myocardial Perfusion Imaging Over Clinical Variables and Rest LVEF

Sharmila Dorbala, MD,*† Rory Hachamovitch, MD, MSc,‡ Zelmira Curillova, MD,*† Deepak Thomas, MD,* Divya Vangala,* Raymond Y. Kwong, MD,† Marcelo F. Di Carli, MD*† Boston, Massachusetts; and Los Angeles, California

OBJECTIVES This investigation sought to study the incremental value of gated rubidium (Rb)-82 positron emission tomography (PET) myocardial perfusion imaging (MPI) over clinical variables for predicting survival and future cardiac events.

BACKGROUND The prognostic value of Rb-82 PET-MPI and left ventricular ejection fraction (LVEF) reserve (stress minus rest LVEF) is not well defined.

METHODS 1,432 consecutive patients undergoing gated rest/vasodilator stress rubidium-82 PET were followed up for at least 1 year. Of these, rest and peak stress LVEF and LVEF reserve were available in 985 patients. Cardiac events (CE) including cardiac death or nonfatal myocardial infarction and all-cause death were assessed.

RESULTS Over a mean follow-up of 1.7 \pm 0.7 years, 83 (5.8%) CE and 140 (9.7%) all-cause death were observed. There was an increase in risk for both end points with an increasing percentage of abnormal and ischemic myocardium. With normal, mild, moderate, or severely ischemic scans, the observed annualized rates of CE were 0.7%, 5.5%, 5%, and 11% and of all-cause death were 3.3%, 7.2%, 6.9%, and 12.5%, respectively. In 985 patients with peak stress gated data, the observed annualized rates of CE (2.1% vs. 5.3%, p < 0.001) and all-cause death (4.3% vs. 9.2%, p < 0.001) were higher in patients with an LVEF reserve <0% compared with those with an LVEF reserve \geq 0%. On Cox proportional hazards analysis, after consideration of clinical, historical, and rest LVEF information, stress PET results and LVEF reserve yielded incremental prognostic value with respect to both CE and all-cause death.

CONCLUSIONS Vasodilator stress Rb-82 PET-MPI provides incremental prognostic value to historical/clinical variables and rest LVEF to predict survival free of CE and all-cause death. An increasing percentage of ischemia on PET-MPI is associated with an increase in the risk of CE and all-cause death. Left ventricular ejection fraction reserve provides significant independent and incremental value to Rb-82 MPI for predicting the risk of future adverse events. (J Am Coll Cardiol Img 2009;2:846–54) © 2009 by the American College of Cardiology Foundation

From the *Division of Nuclear Medicine and Molecular Imaging, Department of Radiology, and the †Noninvasive Cardiovascular Imaging Program, Departments of Medicine (Cardiology) and Radiology, Brigham and Women's Hospital, Boston, Massachusetts; and from ‡Los Angeles, California. Dr. Dorbala is a member of the Speakers' Bureau for Astellas and has received speaking honoraria from Bracco Diagnostics. Dr. Hachamovitch is a member of the Speakers' Bureau for Bracco Diagnostics and has received research grants from GE Healthcare. Dr. Di Carli has received research grants from GE Healthcare, Bracco Diagnostics, Siemens, and Astellas; is a member of the Speakers' Bureau for Bracco Diagnostics; and is a Consultant/Advisory Board member for Bracco Diagnostics.

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ercise, or dobutamine PET studies because of inherent differences in baseline patient risk and levels and duration of peak coronary flow achieved.

CONCLUSIONS

The percentage of ischemic myocardium on vasodilator stress Rb-82 PET-MPI is a powerful predictor of CE and survival in patients with known CAD or an intermediate to high pre-test likelihood of CAD. Rb-82 PET-MPI provides significant incremental value over the baseline clinical variables, rest LVEF and stress data. The addition of LVEF reserve provides significant independent and 2013 APR 15 PM 3: 06 incremental value to Rb-82 MPI for stratifying risk of future serious adverse events.

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Key Words: prognosis • imaging • tomography.

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scientific assembly and annual meeting

- An Alternative to Mo-99
- CARE Bill Update
- Eco-Conscious Vendors

November 16, 2009 | VOL. 22, NO. 31 | www.rl-image.co.

A Conversation with Kim Giordano, CNMT

Bracco's solution to the Mo-99 isotope crisis

MOLYBDENUM-99 (MO-99) IS THE PRECURSOR FOR TECHNETIUM-99M, a radioisotope used in 80 percent of diagnostic and nuclear medicine procedures. However, earlier this year, following an unexpected shutdown at the Canadian nuclear reactor that provides 50 percent of the Mo-99 supply in the U.S., the nuclear medicine industry has been dealt a massive blow in the form of possible shortages.

Only a handful of facilities around the world can generate quantities of Mo-99 that can be exported for commercial use - of those five reactors, three are in Europe, one is in Canada, and one is in South Africa. Since these medical isotopes cannot be stockpiled, disruptions at even one of those facilities can quickly affect the chain of supply to the entire industry, leaving today's healthcare professionals grasping for solutions.



Unfors Instruments, Inc. 48 Anderson Avenue, Suite 1 New Milford, CT 06776, USA *unfors* 🗒

One company - Princeton, N.J.-based Bracco Diagnostics Inc. - believes it has developed a viable solution to ease the strain of impending Mo-99 shortages with CardioGen-82, the only generator-based, cardiac PET perfusion imaging agent approved by the FDA. rt image sits down with Kim Giordano, Bracco's vice president of corporate accounts and nuclear medicine, as well as a certified nuclear medicine technologist, to discuss what relief this product is expected to bring to the Mo-99 shortage.

nt image: How does PET Myocardial Perfusion Imaging (MPI) provide a long-term solution to the current Mo-99 crisis?

A Kim Giordano: Since CardioGen-82* (Rubidium Rb-82 Generator) is not reliant upon the supply of Mo-99, it has much greater availability for use in performing nuclear cardiology studies. Many centers that are experiencing difficulty obtaining the isotopes used for MPI with SPECT also have access to a PET scanner. Using PET instead of SPECT for MPI has many clinical and logistical advantages. Now cardiac PET with CardioGen-82 offers even more benefits because patient studies no longer have to be postponed or canceled due to the Mo-99 shortage. Facilities that offer PET MPI as part of their cardiac imaging service can continue to maintain and expand their nuclear cardiology patient volumes.

image: What advantages does PET offer over SPECT, clinically and logistically, for CAD patients and interpreting physicians?

A Giordano: PET images provide more than twice as many photon counts as SPECT images. This, combined with improved spatial resolution and attenuation correction on all scans, enhances the overall image quality and diagnostic accuracy. CardioGen-82 PET offers imagers greater interpretive certainty versus SPECT – 96 percent versus 82 percent respectively. Moreover, typical PET MPI protocols are completed (gated rest and stress) in 30 minutes to 45 minutes, instead of about three hours with SPECT. Therefore, PET provides both clinical and logistical advantages for CAD patients and interpreting physicians.

nimage: Are there any patients who would not benefit from a cardiac PET study, or are there contraindications to the test?

Giordano: CardioGen-82 has no known contraindications. According to Medicare, PET is reimbursed for many of the

The Unions Concept

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	People	Business	Geography	Data	Research	Newsroom Q Search	Go

State & County QuickFacts

Sullivan County, Tennessee

People QuickFacts	Sullivan County	Tennessee
Population, 2012 estimate	156,786	6,456,243
Population, 2010 (April 1) estimates base	156,823	6,346,113
Population, percent change, April 1, 2010 to July 1, 2012	Z	1.7%
Population, 2010	156,823	6,346,105
Persons under 5 years, percent, 2011	5.1%	6.3%
Persons under 18 years, percent, 2011	20.3%	23.3%
Persons 65 years and over, percent, 2011	19.0%	13.7%
Female persons, percent, 2011	51.6%	51.3%
White persons, percent, 2011 (a)	95.4%	79.5%
Black persons, percent, 2011 (a)	2.4%	16.9%
American Indian and Alaska Native persons, percent, 2011		
(a)	0.3%	0.4%
Asian persons, percent, 2011 (a)	0.6%	1.5%
Native Hawaiian and Other Pacific Islander persons,		
percent, 2011 (a)	Z	0.1%
Persons reporting two or more races, percent, 2011	1.2%	1.6%
Persons of Hispanic or Latino Origin, percent, 2011 (b)	1.6%	4.7%
White persons not Hispanic, percent, 2011	94.1%	75.4%
Living in same house 1 year & over, percent, 2007-2011	85.8%	84.1%
Foreign born persons, percent, 2007-2011	1.6%	4.5%
Language other than English spoken at home, percent age 5+, 2007-2011	2.6%	6.4%
High school graduate or higher, percent of persons age 25+, 2007-2011	82.7%	83.2%
Bachelor's degree or higher, percent of persons age 25+, 2007-2011	20.4%	23.0%
Veterans, 2007-2011	15,315	501,665
Mean travel time to work (minutes), workers age 16+, 2007- 2011	20.9	24.0
Housing units, 2011	73,868	2,829,025
Homeownership rate, 2007-2011	74.8%	69.0%
Housing units in multi-unit structures, percent, 2007-2011	13.5%	18.1%
Median value of owner-occupied housing units, 2007-2011	\$115,700	\$137,200
Households, 2007-2011	66,554	2,457,997
Persons per household, 2007-2011	2.31	2.50
Per capita money income in the past 12 months (2011		
dollars), 2007-2011	\$23,536	\$24,197
Median household income, 2007-2011	\$40,572	\$43,989
Persons below poverty level, percent, 2007-2011	16.5%	16.9%
Business QuickFacts	Sullivan County	Tennessee
Private nonfarm establishments, 2010	3,360	131,582 ¹
Private nonfarm employment, 2010	63,307	2,264,032
Private nonfarm employment, percent change, 2000-2010	-1.7	-5.3 ¹
Nonemployer establishments, 2010	9,682	465,545
***************************************	12,859	545,348
Total number of firms, 2007	12,009 S	8.4%
Black-owned firms, percent, 2007 American Indian- and Alaska Native-owned firms, percent,		
2007	0.3%	0.5%
Asian-owned firms, percent, 2007	S	2.0%

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State & County QuickFacts

Washington County, Tennessee

People QuickFacts	Washington County	Tennessee
Population, 2012 estimate	125,094	6,456,243
Population, 2010 (April 1) estimates base	122,979	6,346,113
Population, percent change, April 1, 2010 to July 1, 2012	1.7%	1.7%
Population, 2010	122,979	6,346,105
Persons under 5 years, percent, 2011	5.4%	6.3%
Persons under 18 years, percent, 2011	19.9%	23.3%
Persons 65 years and over, percent, 2011	15.7%	13.7%
Female persons, percent, 2011	51.1%	51.3%
White persons, percent, 2011 (a)	92.6%	79.5%
Black persons, percent, 2011 (a)	4.2%	16.9%
American Indian and Alaska Native persons, percent, 2011 (a)	0.4%	0.4%
Asian persons, percent, 2011 (a)	1.2%	1.5%
Native Hawaiian and Other Pacific Islander persons,		
percent, 2011 (a)	Z	0.1%
Persons reporting two or more races, percent, 2011	1.5%	1.6%
Persons of Hispanic or Latino Origin, percent, 2011 (b)	3.0%	4.7%
White persons not Hispanic, percent, 2011	90.0%	75.4%
Living in same house 1 year & over, percent, 2007-2011	82.9%	84.1%
Foreign born persons, percent, 2007-2011	3.4%	4.5%
Language other than English spoken at home, percent age 5+, 2007-2011	4.6%	6.4%
High school graduate or higher, percent of persons age 25+2007-2011	85.1%	83.2%
Bachelor's degree or higher, percent of persons age 25+, 2007-2011	28.2%	23.0%
Veterans, 2007-2011	11,873	501,665
Mean travel time to work (minutes), workers age 16+, 2007-2011	19.9	24.0
Housing units, 2011	57,962	2,829,025
Homeownership rate, 2007-2011	66.4%	69.0%
Housing units in multi-unit structures, percent, 2007-2011	21.8%	18.1%
Median value of owner-occupied housing units, 2007-2011	\$142,900	\$137,200
Households, 2007-2011	50,523	2,457,997
Persons per household, 2007-2011	2.32	2.50
Per capita money income in the past 12 months (2011 dollars), 2007-2011	\$24,742	\$24,197
Median household income, 2007-2011	\$42,104	\$43,989
Persons below poverty level, percent, 2007-2011	17.3%	16.9%
Business QuickFacts	WashIngton County	Tennessee
Private nonfarm establishments, 2010	2,848	131,582 ¹
Private nonfarm employment, 2010	49,249	2,264,032 ¹
Private nonfarm employment, percent change, 2000-2010	-4.6	-5.3 ¹
Nonemployer establishments, 2010	7,645	465,545
Total number of firms, 2007	10,153	545,348
Black-owned firms, percent, 2007	2.0%	8.4%
	2.070	0170
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.5%

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State & County QuickFacts

Hawkins County, Tennessee

People QuickFacts	Hawkins County	Tennessee
Population, 2012 estimate	56,587	6,456,243
Population, 2010 (April 1) estimates base	56,833	6,346,113
Population, percent change, April 1, 2010 to July 1, 2012	-0.4%	1.7%
Population, 2010	56,833	6,346,105
Persons under 5 years, percent, 2011	5.3%	6.3%
Persons under 18 years, percent, 2011	21.9%	23.3%
Persons 65 years and over, percent, 2011	17.1%	13.7%
Female persons, percent, 2011	51.0%	51.3%
White persons, percent, 2011 (a)	96.6%	79.5%
Black persons, percent, 2011 (a)	1.6%	16.9%
American Indian and Alaska Native persons, percent, 2011	1.070	10.070
(a)	0.3%	0.4%
Asian persons, percent, 2011 (a)	0.5%	1.5%
Native Hawaiian and Other Pacific Islander persons,		
percent, 2011 (a)	Z	0.1%
Persons reporting two or more races, percent, 2011	1.0%	1.6%
Persons of Hispanic or Latino Origin, percent, 2011 (b)	1.3%	4.7%
White persons not Hispanic, percent, 2011	95.5%	75.4%
Living in same house 1 year & over, percent, 2007-2011	86.1%	84.1%
Foreign born persons, percent, 2007-2011	1.1%	4.5%
Language other than English spoken at home, percent age 5+, 2007-2011	2.4%	6.4%
High school graduate or higher, percent of persons age 25+, 2007-2011	79.0%	83.2%
Bachelor's degree or higher, percent of persons age 25+, 2007-2011	12.4%	23.0%
Veterans, 2007-2011	5,211	501,665
Mean travel time to work (minutes), workers age 16+, 2007- 2011	24.3	24.0
Unicing units 2014	26 072	2 920 025
Housing units, 2011	26,973 77.3%	2,829,025
Homeownership rate, 2007-2011 Housing units in multi-unit structures, percent, 2007-2011	8.9%	69.0% 18.1%
Median value of owner-occupied housing units, 2007-2011	\$108,000	
Households, 2007-2011	23,707	\$137,200
THE REPORT OF THE PARTY OF THE	23,707	2,457,997
Persons per household, 2007-2011	2.31	2.50
Per capita money income in the past 12 months (2011 dollars), 2007-2011	\$20,293	\$24,197
Median household income, 2007-2011	\$36,795	\$43,989
Persons below poverty level, percent, 2007-2011	16.9%	16.9%
Business QuickFacts	Hawkins County	Tennessee
Private nonfarm establishments, 2010	615	131,582 ¹
Private nonfarm employment, 2010	8,596	2,264,032 ¹
Private nonfarm employment, 2010 Private nonfarm employment, percent change, 2000-2010		
	-28.9	-5.3 ¹
Nonemployer establishments, 2010	3,120	465,545
Total number of firms, 2007	3,486	545,348
Black-owned firms, percent, 2007	S	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.5%
Committee of the commit	1000	2.0%

J.S. Department of Commerce						Home Blogs	About Us Subjects A to	Z FAQs Help
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State & County QuickFacts

Greene County, Tennessee

People QuickFacts	Greene County	Tennessee
Population, 2012 estimate	68,819	6,456,243
Population, 2010 (April 1) estimates base	68,831	6,346,113
Population, percent change, April 1, 2010 to July 1, 2012	Z	1.7%
Population, 2010	68,831	6,346,105
Persons under 5 years, percent, 2011	5.3%	6.3%
Persons under 18 years, percent, 2011	21.0%	23.3%
Persons 65 years and over, percent, 2011	18.0%	13.7%
Female persons, percent, 2011	51.0%	51.3%
White persons, percent, 2011 (a)	96.0%	79.5%
Black persons, percent, 2011 (a)	2.2%	16.9%
American Indian and Alaska Native persons, percent, 2011 (a)	0.3%	0.4%
Asian persons, percent, 2011 (a)	0.4%	1.5%
Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a)	0.1%	0.1%
Persons reporting two or more races, percent, 2011	1.0%	1.6%
Persons of Hispanic or Latino Origin, percent, 2011 (b)	2.6%	4.7%
White persons not Hispanic, percent, 2011	93.6%	75.4%
Living in same house 1 year & over, percent, 2007-2011	86.9%	84.1%
Foreign born persons, percent, 2007-2011	2.1%	4.5%
Language other than English spoken at home, percent age 5+, 2007-2011	3.9%	6.4%
High school graduate or higher, percent of persons age 25+, 2007-2011	79.2%	83.2%
Bachelor's degree or higher, percent of persons age 25+, 2007-2011	14.8%	23.0%
Veterans, 2007-2011	6,114	501,665
Mean travel time to work (minutes), workers age 16+, 2007-2011	23.0	24.0
Housing units, 2011	32,202	2,829,025
Homeownership rate, 2007-2011	74.2%	69.0%
Housing units in multi-unit structures, percent, 2007-2011	7.5%	18.1%
Median value of owner-occupied housing units, 2007-2011	\$108,000	\$137,200
Households, 2007-2011	28,431	2,457,997
Persons per household, 2007-2011	2.35	2.50
Per capita money income in the past 12 months (2011	440.000	***
dollars), 2007-2011	\$19,036	\$24,197
Median household income, 2007-2011	\$36,310	\$43,989
Persons below poverty level, percent, 2007-2011 Business QuickFacts	21.6% Greene County	16.9%
Private nonfarm establishments, 2010		Tennessee
Private nonfarm employment, 2010	1,124	131,5821
	20,677	2,264,032 ¹
Private nonfarm employment, percent change, 2000-2010 Nonemployer establishments, 2010	-10.2 4,227	-5.3 ¹ 465,545
Total number of firms, 2007	5,936	545,348
Black-owned firms, percent, 2007	5,530 S	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	F	
2001	ь	0.5%

Midmonth Report for December 2012

* This report is a count of people taken in the middle of the month for which the report was run.
* This report is run three months after the month of the report in an effort to reduce fluctuations in the results.

MCO	REGION	Total	Street of the st
Awaiting MCO assignment			1,488
AMERIGROUP COMMUNITY CARE	Middle Tennessee		198,396
BLUECARE	East Tennessee		215,718
BLUECARE	West Tennessee		178,369
TENNCARE SELECT	All		45,118
UnitedHealthcare Community Plan	East Tennessee		193,993
	Middle Tennessee		198,478
	West Tennessee		173,920
Grand Total	· · · · · · · · · · · · · · · · · · ·	STATE OF THE PARTY	1,205,480

	TOWNS OF THE PARTY	Female	CHARLES AND AND ADDRESS OF THE PARTY OF THE	DESCRIPTION OF THE PERSON OF T	Female	No. of Lot of Lo	Male	MISSISSISSISSISSISSISSISSISSISSISSISSISS	NAME OF TAXABLE PARTY.	Male	STATE
COUNTY	0 - 18	19-20	21-64 6	1 28	Total	0-18	9-20		~ 99	Total	Grand Total
ANDERSON	3,745	299	3,290	619	7,954	3,903	202	1,602	281	5,988	13,942
BEDFORD	3,306	224	2,189	256	5,976	3,396	131		106	4,600	10,576
BENTON	895	78	764	155	1,892	975	43		99	1,531	3,424
BLEDSOE	740	62	625	123	1,549	838	53		16	1,304	2,853
BLOUNT	5,189	426	4,452	200	10,767	5,216	289		297	7,820	18,587
BRADLEY	4,916	423	4,383	642	10,365	5,318	276		281	7,843	18,208
CAMPBELL	2,694	247	3,063	665	699'9	2,818	207		393	5,160	11,829
CANNON	6.29	23	613	131	1,484	781	44		29	1,188	2,672
CARROLL	1,676	140	1,602	335	3,753	1,884	101		150	2,969	6,723
CARTER	2,919	240	2,575	716	6,450	3,141	153		270	4,903	11,353
CHEATHAM	1,751	130	1,406	178	3,465	1,862	121		22	2,693	6,159
CHESTER	956	87	805	153	1,991	938	55		69	1,387	3,379
CLAIBORNE	1,840	167	1,853	556	4,416	1,917	101		253	3,455	7,871
CLAY	520	33	430	105	1,088	491	28		77	864	1,951
COCKE	2,547	217	2,356	460	5,580	2,614	164		234	4,350	9,930
COFFEE	3,119	241	2,650	391	6,401	3,202	161		165	4,673	11,074
CROCKETT	984	70	726	216	1,997	961	57		79	1,447	3,444
CUMBERLAND	2,847	236	2,309	508	5,900	2,982	177		225	4,531	10,431
DAVIDSON	36,428	2,549	27,360	3,259	965,69	37,526	1,763		1,483	50,983	120,580
DECATUR	580	7.5	542	203	1,379	199	44		74	1,084	2,463
DEKALB	1,161	78	980	196	2,416	1,258	67		90	1,942	4,358
DICKSON	2,545	155	2,157	325	5,182	2,611	134		102	3,747	8,929
DYER	2,537	228	2,278	431	5,474	2,654	151		146	3,918	9,392
FAYETTE	1,564	133	1,186	295	3,178	1,729	87		118	2,466	5,645
FENTRESS	1,267	108	1,255	382	3,012	1,368	83		182	2,428	5,440
FRANKLIN	1,732	150	1,510	271	3,662	1,810	92		12	2,716	6,379
GIBSON	2,928	249	2,598	648	6,424	3,051	210		264	4,651	11,075
GILES	1,439	133	1,245	270	3,087	1,442	3		107	2,277	5,364
GBAINGER	1,325	105	1,109	295	2,834	1,319	99		153	2,211	5,045
GREENE	3,246	253	3,085	730	7,313	3,361	174		366	5,564	(12,877
GRUNDY	1,072	66	1,080	225	2,475	1,153	83		142	1,976	4,451
HAMBLEN	3,937	255	2,748	574	7,514	4,003	148		241	5,623	13,137
HAMILTON	15,494	1,190	13,724	2,269	32,678	16,234	800		843	23,212	55,890
HANCOCK	491	20	526	170	1,238	295	40		79	993	2,231
HARDEMAN	1,656	134	1,521	350	3,662	1,618	96		160	2,595	6,257
HARDIN	1,609	144	1,438	393	3,585	1,642	103		187	2,717	6,302
HAWKINS	3,077	291	2,851	260	6,779	3,254	165		259	5,124	11,903

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SUPPORT LETTERS

AFFIDAVIT

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STATE OFTENNESSEE
COUNTY OFDAVIDSON
JOHN WELLBORN, being first duly sworn, says that he/she is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.
SIGNATURE/TITLE
Sworn to and subscribed before me this 15 day of April (Month) 2013 a Notary
Public in and for the County/State of
NOTARY PUBLIC
My commission expires(-21, _2016



State of Tennessee Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

May 1, 2013

John L. Wellborn, Consultant Development Support Group 4219 Hillsboro Road, Suite 203 Nashville, TN 37215

RE: Certificate of Need Application -- Wellmont Cardiology Services, Inc. - CN1304-013

Dear Mr. Wellborn:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need for the acquisition of an existing cardiac PET system located in Gray, Tennessee. The applicant plans to relocate that unit and initiate cardiac PET services at 2050 Meadowview Parkway, Kingsport (Sullivan County), TN 37660. The proposed service area is Sullivan, Washington, Hawkins and Green Counties. The applicant will establish an outpatient diagnostic center (ODC) if required by the Tennessee Department of Health. The estimated project cost is \$1,073,410.00.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on May 1, 2013. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on July 24, 2013.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

Melanie M. Hill Executive Director

All Ome In Will

MMH:MAB

cc: Dan Henderson, Director, Division of Health Statistics



State of Tennessee Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

MEMORANDUM

TO:

Dan Henderson, Director

Office of Policy, Planning and Assessment

Division of Health Statistics Cordell Hull Building, 6th Floor

425 Fifth Avenue North Nashville, Tennessee 37247

FROM:

Melanie M. Hill

Executive Director

DATE:

May 1, 2013

RE:

Certificate of Need Application

Wellmont Cardiology Services, Inc. - CN1304-013

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on May 1, 2013 and end on July 1, 2013.

Should there be any questions regarding this application or the review cycle, please contact this office.

MMH:MAB

Enclosure

cc:

John L. Wellborn, Consultant

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Times-News, which is general circulation in Sullivan County, Tennessee, on or before April 10	3a newspaper of
general circulation in Sullivan County, Tennessee, on or before April 10	, 2013, for one
day.	

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Wellmont Cardiology Services, Inc. (a not-for-profit corporation and physician group practice), wholly owned and operated by Wellmont Health Systems dba Wellmont CVA Heart Institute (a not-for-profit corporation), intends to file an application for a Certificate of Need to (a) acquire an existing cardiac PET system now serving patients in Gray, Tennessee, and to (b) relocate that PET system to, and initiate cardiac PET services at, the Wellmont CVA Heart Institute building at 2050 Meadowview Parkway, Kingsport, TN 37660, and to (c) establish an Outpatient Diagnostic Center ("ODC") to offer that PET service at that site, if required by the Tennessee Department of Health. The project's capital cost is estimated at \$1,100,000.

If required, the applicant will seek licensure of this cardiac PET facility as an Outpatient Diagnostic Center, from the Board for Licensing Health Care Facilities, Tennessee Department of Health. The project does not contain any other type of major medical equipment, or initiate or discontinue any other significant health service. It will not affect any licensed bed complements.

The anticipated date of filing the application is on or before April 15, 2013. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 203, Nashville, TN 37215; (615) 665-2022.

John Livelloom 4-8-13 jwdsg@comcast.net
(Signature) (Date) (E-mail Address)



2013 APR 19 PM 3 36

STATE OF TENNESSEE 2013 APR 19 PM 3 35 HEALTH SERVICES AND DEVELOPMENT AGENCY

500 Deaderick Street Suite 850 Nashville, Tennessee 37243 741-2364

April 19, 2013

John Wellborn Development Support Group 4219 Hillsboro Road, Suite #203 Nashville, Tennessee 37215

RE:

Certificate of Need Application CN1304-013

Wellmont Cardiology Services, Inc.

Dear Mr. Wellborn:

This will acknowledge our April 15, 2013 receipt of your application for a Certificate of Need to acquire an existing cardiac PET system located in Gray, Tennessee. The applicant plans to relocate that unit and initiate cardiac PET services at 2050 Meadowview Parkway, Kingsport (Sullivan County), TN 37660.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. <u>I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.</u>

<u>Please submit responses in triplicate by 12:00 noon, Friday April 26, 2013.</u> If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A, Applicant Profile, Item 2

Please provide a complete contact phone number.

2. Section A, Applicant Profile, Item 6

Please provide a lease or option to lease agreement that includes the actual/anticipated term of the agreement and actual/anticipated lease expense.

3. Section B, Project Description, Item I

The applicant states the proposed Cardiac PET location will be 10.6 miles from its current location in Gray, TN. Please clarify if this is a straight line measurement or measured by driving distance.

The applicant states the proposed project does not add an additional PET unit to the area, or a new service to the area or to Sullivan County. If this is correct, please clarify why this proposed service area is different from the original application of CN0701-010, LifeScan Tennessee, LLC, whom the applicant plans to purchase a PET/CT. The originally approved service area of LifeScan Tennessee, LLC consisted of ten (10) Tennessee Counties, including Carter, Cocke, Greene, Hamblen, Hancock, Hawkins, Johnson, Sullivan, Unicoi and Washington Counties.

The provider, Molecular Imaging Alliance, CN1304-014, has filed a companion application that proposes a service area consisting of five (5) Tennessee counties that includes Carter, Greene, Sullivan, Unicoi and Washington counties. The applicant, Wellmont Cardiology Services, Inc., proposes to change the service area by adding Hawkins County but exclude Unicoi and Carter counties to the proposed service area. Please clarify the reason why there is now a new service area especially while the applicant states the proposed project will not serve any of the Tennessee counties not already being served by the cardiac PET ODC in Gray.

The applicant mentions SPECT testing and the discouragement of its use by WCS patients and cardiologists. Please describe a SPECT test and the name and location of the provider who offers this service and the reason for the discouragement of its use. Why do cardiologists need to go and supervise the SPECT test?

What is the applicant's historical utilization (last three years) of SPECT procedures?

The patient mentions 1,500 patients would benefit from cardiac PET testing. If this is the case, where are these 1,500 patients now receiving cardiac PET services?

How many patients of WCS received cardiac catherizations and coronary artery bypass grafts in 2012?

The applicant states the availability of the service for this region has received CON approval already. Please discuss how many PET scanners were granted to the provider Lifescan Tennessee, LLC in the application, CN0701-010A and if an additional Certificate of Need was needed for the 2nd Cardiac PET unit that the applicant proposes to purchase.

Does the applicant have ownership or interest in the cyclotron (Precision Nuclear, LLC) located in Gray, Tennessee?

Are there additional cyclotrons in the proposed service area? If so, please identify the name and location.

The applicant states Molecular Imaging Alliance, CN1304-014 is a companion project. Does the applicant have ownership in Molecular Imaging Alliance?

4. Section B, Project Description, Item II.A.

Please describe the nuclear "hot lab".

The applicant states a mobile PET/CT are readily available at Holston Valley Medical Center in Kingsport to Wellmont patients in Kingsport, TN. What is the distance and driving time from WCS's Heart Center office building to Holston Valley Medical Center in Kingsport. Is there an on-site cyclotron that supplies radiopharmaceuticals to the mobile PET/CT service at Holston Valley Medical Center? How many Wellmont patients are currently referred to the Holston Valley Medical Center for cardiac PET procedures?

Please clarify if there is a difference between the quality of a cardiac/PET procedure conducted at a fixed/PET versus a mobile PET. Are there any other differences?

Does this proposed project include an on-site cyclotron? If not, are there any long-term plans to include a cyclotron on-site?

Table Three-B on the bottom of page eleven is noted. The correct CON number for ImagDent of Memphis is CN0908-044. Please revise and submit a replacement page.

5. Section B, Item II.C.

The applicant states it has not been feasible to refer patients to Gray Tennessee for two reasons: 1) many people prefer to have all their testing needs met in one continuum 2) a cardiac PET study requires a cardiologist to spend several hours a day in Gray conducting cardiac PET studies. The applicant mentions referring patients to Gray, Tennessee and to Holston Valley Medical Center. Does the applicant also send cardiologists to Holston Valley in the same manner as reported for the cardiac/PET unit in Gray, Tennessee.

6. Section B, Item II. D.

In the companion application, Molecular Imaging Alliance, CN1304-014, the applicant states cardiac PET uses only two radiopharmaceuticals: ammonia (N-13) or rubidium (R-82). The applicant states N-13 has a half-life of 10 minutes and R-82 has a half-life of 75 seconds. The applicant further states as a practical matter, the radiopharmaceutical supplier must be within a short drive of the cardiac PET, if not in the same building (such as the current case for the applicant). The applicant states the current radiopharmaceutical provider will continue to provide materials by manufacturing sufficient amounts so that the required dosage is sufficient by the time it is administered. The applicant states if the delivery trip time plus administration of the pharmaceutical takes 30 minutes, then the amount with the strength of eight doses of N-13 might be sent, so that after its radioactivity diminishes by 50% every 10 minutes, one full doses remains for injection.

Please respond to the following questions in regards to the above statements:

- Is the situation as described above in the companion application also going to be experienced by this applicant since there is a similar distance from the cyclotron in Gray, TN?
- On Table Eleven on page 43, the applicant assigns two doses of Nitrogen N-13 ammonia to each patient for the charge data in the amount of \$320.00 (\$160.00 per dose). Is the increase per dose, or approximately \$240,000 per year in cost (\$160.00 per dose times 1500 cases), attributed to the diminishing radioactivity of the doses as they are transported from the cyclotron in Gray, TN to the proposed site in Kingsport?
- What happens if there is a time delay during transport of radiopharmaceuticals?
- Is it safer for the patient to receive radiopharmaceuticals from a cyclotron on-site where the time element is more closely monitored?

7. Section B, Item II. E.

What is the age of the proposed PET scanner?

8. Section C, Need, Item 1. (Project-Specific Criteria: PET Scanners)

The proposed project is changing ownership, proposed service area and location. Please address the revised and Updated standards for Positron Emission Tomography (PET) services found in the State Health Plan.

9. Section C, Need, Item 1. (Project-Specific Criteria: Outpatient Diagnostic Centers)

Item #1-Please address the need for outpatient diagnostic services by county projecting four years into the future using available population figures.

The applicant displays a chart that indicates forty (40) patients were sent from Sullivan County in 2012 to Molecular Imaging Alliance in Gray, Tennessee. The applicant appears to be competing with the mobile PET at Holston Valley Medical Center and, if approved, the similarly proposed companion application Molecular Imaging Alliance, CN1304-014 that has an over-lapping service area with the applicant. Has the applicant considered conducting studies other than cardiac PET procedures such as cancer and Alzheimer's to meet the optimal efficiency for a stationary PET unit of 1,600 procedures per year?

The applicant has provide an attachment labeled, "C, Need-1A.3.e., Letters of Intent". Please clarify which section the applicant is referencing with this attachment.

The Attachment, "C, Need-1A.3e.", as listed above is a letter from Precision Nuclear, LLC stating the ability and intent to supply dosing for Cardiac PET perfusion imaging to CVA Heart Institute in Johnson City and Kingsport, TN. Please clarify the association of the applicant with the CVA Heart Institute locations in Johnson City and Kingsport, TN.

10. Section C, Need, Item 3

The applicant refers to Table Six-Patient Origin Projection on page 27 which is missing. Please submit.

11. Section C, Need, Item 5

The applicant mentions the remote location of the current two PET scanners in Gray Tennessee is located between the region's two largest medical care centers.

What are the names of the medical centers? Please clarify if the location is Gray, TN for the two (2) PET scanners was originally strategically chosen to serve the two mentioned medical centers.

The applicant has provided table eight that displays utilization for Molecular Imaging Alliance Cardiac PET only. Please revise and include all PET units in the proposed service area and indicate if cardiac PET services are attached to each unit listed, and if the unit is fixed or mobile.

12. Section C, Need, Item 6

When does the applicant expect to reach optimal capacity for PET (1600 procedures) per year according to the State Health Plan.

13. Section C. Economic Feasibility Item 1 (Project Cost Chart)

The applicant has listed \$2,410 as the CON filing fee on the Project Cost Chart. Please revise with the correct CON filing fee and resubmit a revised Project Cost Chart.

14. Section C. Economic Feasibility Item 2

Please provide "Attachment C, Economic Feasibility-2" that documents funding availability for the proposed project.

15. Section C, Economic Feasibility, Item 4.

Please itemize "D.3 Supplies" located on the Projected Data Chart in the amounts of \$588,000 and \$605,640 for the Years 2014 and 2015, respectively.

If the applicant had a cyclotron on-site what would be the impact on Project Costs and the Projected Data Chart?

Please indicate if the cost of radiopharmaceuticals were factored in the Projected Data Chart.

16. Section C, Economic Feasibility, Item 6.B.

Please submit Table Eleven (chart showing the most frequent procedures to be performed, with the current Medicare reimbursement, and their projected Year One and Year Two utilization and average gross charges.)

17. Section C, Economic Feasibility, Item 10.

Please provide the mentioned financial statements listed as "Attachment C, Economic Feasibility -10".

18. Section C, Orderly Development, Item 1.

The applicant states there are no shortage of working relationships between the applicant and any level of healthcare provider that might be needed. Please list all existing health care providers (i.e.-Hospitals m nursing homes, home care organization, etc.) management care organizations, alliances and/or networks with which the applicant currently has or plan to have contractual and/or working relationships.

19. Section C, Orderly Development, Item 2.

Please indicate the reason why the applicant and Molecular Imaging Alliance did not split the original service area for the two existing PET units the applicant proposes to acquire that are currently located in Gray, Tennessee?

Is the applicant and Molecular Imaging Alliance planning to sign a non-compete contract in the proposed service area?

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." For this application, the sixtieth (60th) day after written notification is Tuesday, June 18, 2013. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4)(d)(2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been

ORIGINAL-

SUPPLEMENTAL-1

Wellmont Cardiology Services, Inc.

CN1304-013

DSG Development Support Group

April 26, 2013 1:15 pm

April 26, 2013

Phillip M. Earhart, Health Planner III Tennessee Health Services and Development Agency 161 Rosa L. Parks Boulevard Nashville, Tennessee 37203

RE:

CON Application CN1304-013

Wellmont Cardiology Services, Inc.

Dear Mr. Earhart:

This letter responds to your recent request for additional information on this application. A second response letter under separate cover will be sent for a few questions, as indicated. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Section A, Applicant Profile, Item 2
Please provide a complete contact phone number.

Revised page 1R is attached following this page with the omitted digit corrected. Revised page 2R is also attached, showing in item 7(a) that the project will establish an ODC if such licensure is later required under State law. This makes item 7(a) consistent with the legal notice.

2. Section A, Applicant Profile, Item 6
Please provide a lease or option to lease agreement that includes the actual/anticipated term of the agreement and actual/anticipated lease expense.

The applicant currently has control of the project site through the Wellmont Health System Lease Agreement in Attachment A.6. Page five of that lease, in its last paragraph, states that WCS may use the leased building. There are no new lease costs required for the calculation of project costs.

3. Section B, Project Description, Item I
a. The applicant states the proposed Cardiac PET location will be 10.6 miles
from its current location in Gray, TN. Please clarify if this is a straight line
measurement or measured by driving distance.

That was the driving distance stated by the Google Maps website.

PART A

1. Name of Facility, Agency, or Institution

Wellmont Cardiology Services, Inc.		
Name		
2050 Meadowview Parkway		Sullivan
Street or Route		County
Kingsport	TN	37660
City	State	Zip Code

2. Contact Person Available for Responses to Questions

John Wellborn	Consultant			
Name	Title			
Development Support Group	jwdsg@comcast.net			
Company Name	E-Mail Address			
4219 Hillsboro Road, Suite 203	Nashville	TN	37215	
Street or Route	City	State	Zip Code	
CON Consultant	615-665-2022		615-665-2042	
Association With Owner	Phone Number		Fax Number	

3. Owner of the Facility, Agency, or Institution

Wellmont Health System		
Name		
c/o Wellmont CVA Heart Insti	tute at same address as in #1 above	
Street or Route		County
Kingsport	TN	37660
City	State	Zip Code

4. Type of Ownership or Control (Check One)

		F. Government (State of TN or
A. Sole Proprietorship		Political Subdivision)
B. Partnership		G. Joint Venture
C. Limited Partnership		H. Limited Liability Company
D. Corporation (For-Profit)		I. Other (Specify):
E. Corporation (Not-for-Profit)	X	

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

April 26, 2013 1:15 pm

5. Name of Management/Operating Entity (If Applicable) NA

Name		
Street or Route		County
City	State	Zip Code

6. Legal Interest in the Site of the Institution (Check One)

A. Ownership		D. Option to Lease
B. Option to Purchase		E. Other (Specify):
C. Lease of 10 Years	X	

7. Type of Institution (Check as appropriate—more than one may apply)

A. Hospital (Specify): General	I. Nursing Home	
B. Ambulatory Surgical Treatment	(if required)	
Center (ASTC) Multi-Specialty	J. Outpatient Diagnostic Center	X
C. ASTC, Single Specialty	K. Recuperation Center	
D. Home Health Agency	L. Rehabilitation Center	
E. Hospice	M. Residential Hospice	
F. Mental Health Hospital	N. Non-Residential Methadone	
G. Mental Health Residential Facility	O. Birthing Center	
H. Mental Retardation Institutional	P. Other Outpatient Facility	
Habilitation Facility (ICF/MR)	(Specify):	
	Q. Other (Specify): MD Practice	X

8. Purpose of Review (Check as appropriate-more than one may apply

		G. Change in Bed Complement Please underline the type of Change:	
A. New Institution (ODC for Cardiac	X	Increase, Decrease, Designation,	
PET, if State law requires it)		Distribution, Conversion, Relocation	
B. Replacement/Existing Facility		H. Change of Location	
C. Modification/Existing Facility	X	I. Other (Specify):	
D. Initiation of Health Care Service			
as defined in TCA Sec 68-11-1607(4)			
(Specify) Fixed Cardiac PET	х		
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

Page Two April 26, 2013

b. The applicant states the proposed project does not add an additional PET unit to the area, or a new service to the area or to Sullivan County.

If this is correct, please clarify why this proposed service area is different from the original application of CN0701-010, LifeScan Tennessee, LLC, from whom the applicant plans to purchase a PET/CT.

The originally approved service area of LifeScan Tennessee, LLC consisted of ten (10) Tennessee Counties, including Carter, Cocke, Greene, Hamblen, Hancock, Hawkins, Johnson, Sullivan, Unicoi and Washington Counties.

The Tennessee service area of this project is the same as the Tennessee service area projected in the 2007 application--when you compare this project's primary and secondary Tennessee service area counties to the ten counties that were that earlier project's primary and secondary service area.

The 2007 application described its ten-county Tennessee service area as its Tennessee "primary" service area.

But on page 3 of the application's January 26, 2007 supplemental responses, the applicant's more detailed patient origin data demonstrated that those Tennessee counties would generate between 93% and 100% of the PET's total Year One utilization of 690 procedures. So that made the ten Tennessee counties its <u>primary plus secondary</u> Tennessee service area.

The WCS application now under review listed only its <u>primary</u> Tennessee service area counties. To compare apples to apples, you must consider WCS's <u>primary and secondary</u> Tennessee service area counties. They are provided below, in Table Six (Supplemental). Please note that WCS does, and will, serve the same ten Tennessee counties listed in the 2007 LifeScan application. No other Tennessee county will generate even one-tenth of one percent of the WCS utilization.

Table Six (Supplemental)		
Consistency of Tennessee Primary & Secondary Service Area Counties		
CN0710-01 (Gray Cardiac PET ODC) vs. Wellmont Cardiology Services PET		
Tennessee Service Area Counties Projected In	CY2014 Percent of Total	
Approved CN0701-10 WCS Cardiac PET Patients		
for Molecular Imaging Alliance ODC, Gray	from That County	
1. Carter	2.6%	
2. Greene	7.3%	
3. Hawkins	8.0%	
4. Johnson	0.8%	
5. Sullivan	26.8%	
6. Unicoi	1.7%	
7. Washington	8.4%	
8. Cocke	0.1%	
9. Hamblen	0.2%	
10. Hancock	0.3%	
All Other TN Counties (13) each <1/10 th of 1%	0.4%	
Other States	43.4%	
Total WCS Cardiac PET Service Area	100%	

Source: CN0710-01; WCS management.

c. The provider, Molecular Imaging Alliance, CN1304-014, has filed a companion application that proposes a service area consisting of five (5) Tennessee counties that includes Carter, Greene, Sullivan, Unicoi and Washington counties. The applicant, Wellmont Cardiology Services, Inc., proposes to change the service area by adding Hawkins County but exclude Unicoi and Carter counties to the proposed service area. Please clarify the reason why there is now a new service area especially while the applicant states the proposed project will not serve any of the Tennessee counties not already being served by the cardiac PET ODC in Gray.

Supplemental data submitted this week for Molecular's CN1304-014 application shows that its Tennessee primary and secondary service area counties do include 70% (seven of ten) of the Tennessee counties projected in its 2007 application-and more importantly, that the seven being served include 82% of the population of the earlier projected ten-county area. That is substantial compliance with the original projection. Please note that except for hospice/home health projects, CON approvals do not authorize, or require, that specific counties be served. They approve a specific provider and a specific service at a specific location--with an implicit reasonable expectation that this will provide service to the counties projected. The Molecular ODC at its current and proposed sites clearly do what

was originally intended, which is to serve as much of Upper East Tennessee as possible. It should be significant that the proposed "splitting" of the originally approved PET service into two new locations, closer to patients and referring physicians, will make the service more accessible to all ten of the counties originally targeted for service in the 2007 application.

d. The applicant mentions SPECT testing and the discouragement of its use by WCS patients and cardiologists. Please describe a SPECT test and the name and location of the provider who offers this service and the reason for the discouragement of its use. Why do cardiologists need to go and supervise the SPECT test?

SPECT is an acronym for "single photon emission computed tomography". It is a nuclear medicine test, a type of radionuclide imaging, by which any areas of the body can be studied through studying the movement and destination of a slightly radioactive substance.

SPECT is performed with a wide variety of injected radiopharmaceuticals, and with many different types of SPECT equipment. It is provided in almost every cardiology group in the country, according to WCS. For example, WCS has multiple SPECT units already accessible in The Heart Center, which are operated as Holston Valley Medical Center outpatient services. Attached at the end of this letter is a print from Wikepedia providing a simplified explanation of SPECT.

SPECT is an excellent diagnostic test. It is not being discarded in favor of cardiac PET tests. But for patients with large body mass on and around the part of the body to be studied, cardiac PET is clearly superior to SPECT. That group is a significant percentage of patients. But again, as the applicant's projection methodology showed, only a portion of current SPECT patients will be "converted" to cardiac PET or supplemented with a cardiac PET. Please see the medical literature the applicant submitted in the original application.

Cardiologists must be present during cardiac SPECT and PET studies because of the risk of patient cardiac arrest during the "stress" part of the test--which involves pharmacologically accelerating the patient's heart rate as if in a demanding treadmill test. Approximately 90% of cardiac SPECT studies involve stressing the heart.

Page Five April 26, 2013

e. What is the applicant's historical utilization (last three years) of SPECT procedures?

Procedure	Location	CY2010	CY2011	CY2012
	WCS offices, WCS ordered			
SPECT studies	tests at Wellmont hospitals	5,906	7,285	7,835

Source: WCS Management

f. The patient mentions 1,500 patients would benefit from cardiac PET testing. If this is the case, where are these 1,500 patients now receiving cardiac PET services?

These 1,500 patients are not receiving cardiac PET services now. They are the current WCS SPECT patients who, being larger in body mass, (1) would benefit from having cardiac PET instead of cardiac SPECT, or (2) need a PET follow-up after an inconclusive or ambiguous SPECT test.

See also revised page 32R, attached after this page. These patients cannot gain access to cardiac PET on Holston Valley's mobile PET because that service allows only six cardiac test patients a week (300 patients/year) due to its high utilization and the need to give priority to oncology patients. The Gray unit is not a viable alternative because, after trying to use it when it first began operation, WCS found that the requirement of having the cardiologist on-site at Gray prevented their cardiologists from being able to provide other important patient care services simultaneously (a problem that will not occur when the cardiac PET is located within the Kingsport office of the WCS cardiologists).

g. How many patients of WCS received cardiac catheterizations and coronary artery bypass grafts in 2012?

Procedure	Location	CY2010	CY2011	CY2012
Diagn. Cardiac Cath	HolstonValley Med Center	2,263	2,388	2,408
CABG (bypass surgery)	HolstonValley Med Center	271	200	195

Source: WCS Management

April 26, 2013 1:15 pm

PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY C(I).6.STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION **OF** THE PROJECT. REGARDING THE THE **DETAILS** ADDITIONALLY, PROVIDE THE METHODOLOGY USED **PROJECT** UTILIZATION. DETAILED CALCULATIONS OR **INCLUDE** MUST METHODOLOGY DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

The applicant has projected utilization of its cardiac PET service based on two factors. First, the "conversion" of some of WCS's and the Wellmont hospitals' SPECT studies to cardiac PET studies--i.e, ordering a PET study instead of a SPECT study. This will be done in approximately 7-10% of WCS's current volumes of 30 to 40 SPECT studies per day, 250 days per year. The number chosen for projection purposes was 3 cardiac PET scans per day, which is 750 scans per year.

Second, utilization was also projected in the performance of cardiac PET studies subsequent to SPECT studies whose results were clinically equivocal or inconclusive. This too is projected at 7%-10% of all the SPECT tests, resulting in an additional demand for 3 cardiac PET scans per day, or another 750 per year.

The total projection for the first two years is therefore 1,500 cardiac PET procedures per year in CY2014 and CY2015.

These SPECT patients would have been scheduled for cardiac PET at the Holston Valley Medical Center mobile PET, but for the fact that it is so highly utilized by cancer patients that no more than 300 WCS cardiology procedures per year are allowed to be scheduled--resulting in a waiting list of two months at the time of this application. Most patients are having to go ahead with SPECT to progress with their medical care. Although WCS tried initially to use the Gray cardiac PET scanners, that required its cardiologists to be at Gray for hours each day, during which time they could not be providing needed care for patients at their practice office. With a PET at the practice office, supervision (i.e., being onsite and available immediately in case of an emergency) will enable the cardiologists to be productive in the care of other patients at the same time.

Page Six April 26, 2013

h. The applicant states the availability of the service for this region has received CON approval already. Please discuss how many PET scanners were granted to the provider Lifescan Tennessee, LLC in the application, CN0701-010A and if an additional Certificate of Need was needed for the 2nd Cardiac PET unit that the applicant proposes to purchase.

CN0701-010A granted LifeScan Tennessee authority to initiate cardiac PET services by acquisition of one PET system.

No CON was needed to add the second PET unit in 2008. First, because there was no such condition imposed on that CON. Second, because the CON statute did not require any existing PET provider to obtain CON approval for an additional PET system whose cost or fair market value was below \$1,500,000 (the review threshold in 2008). Attached following this page is a letter documenting that the second LifeScan PET system's fair market value was far below the capital review threshold for additional major medical equipment.

Both cardiac PET systems are properly in operation for the purposes of the CON program. The applicant believes that the HSDA therefore should not consider the second installed system as a "new" or "additional" system if it must be reviewed under the State Health Plan CON standards and criteria for PET.

i. Does the applicant have ownership or interest in the cyclotron (Precision Nuclear, LLC) located in Gray, Tennessee?

No.

j. Are there additional cyclotrons in the proposed service area? If so, please identify the name and location.

There are no other cyclotrons east of Knoxville.

k. The applicant states Molecular Imaging Alliance, CN1304-014 is a companion project. Does the applicant have ownership in Molecular Imaging Alliance?

No.

SOTER A Imaging Services LLC

April 22, 2013

Melanie Hill, Executive Director Tennessee Health Services and Development Agency Frost Building, Third Floor 161 Rosa Parks Boulevard Nashville, Tennessee 37203

RE: Siemens Cardiac PET Unit

LifeScan Tennessee Outpatient Diagnostic Center at Gray

Dear Mrs. Hill:

Robert Gregory, the current owner of Lifescan LLC, has asked me to confirm the fair market value of the subject Cardiac PET system which Soteria Imaging transferred to LifeScan Tennessee in May, 2008 at the time Soteria owned LifeScan Tennessee.

The unit was purchased new by Soteria in June of 2002. It was almost six years old when transferred to the books of our Gray facility in May 2008. The depreciated, or net book value of the unit at the time of transfer was \$150,000. Neither Soteria nor LifeScan had a service or maintenance contract with a third party for that system; service when needed was provided by Soteria personnel and the cost of that was charged to LifeScan.

I am told that this transfer of a second system into our Gray facility did not require CON approval if the value of the system and any maintenance contract were less than \$1.5 million at the time. The book value of this used system was obviously much less; and I estimate that its actual market value would not have been even as high as \$500,000.

Sincerely,

Richard G. Taylor

Chief Financial Officer

Page Seven April 26, 2013

4. Section B, Project Description, Item II.A. a. Please describe the nuclear "hot lab".

A nuclear hot lab for PET is a single room where (a) the radioactive dose from the vendor is physically delivered, (b) the containers are validated by the nuclear medicine technician to be free of external radiation dangers, (c) the dosages are validated to comply with dosage requirements, and (b) the dosages are placed in shielded syringes, inside shielded containers, before transport to the "camera room" where the patient is lying on a table to receive the injection.

The hot lab room has a dose calibrator, a lead-shielded PET unit dose cabinet, meters with probes, a lead L-block shield, leaded syringe carriers and shields, and various support items such as instruments, decontamination kit, sharps containers, and radioactive sources (200mci; 5 mci). The shielding protects the technician, nurse, physician, and patient--before, during, and after the injection of the radioactive substance in the adjoining cardiac PET camera room.

b. The applicant states a mobile PET/CT are readily available at Holston Valley Medical Center in Kingsport to Wellmont patients in Kingsport, TN. What is the distance and driving time from WCS's Heart Center office building to Holston Valley Medical Center in Kingsport. Is there an on-site cyclotron that supplies radiopharmaceuticals to the mobile PET/CT service at Holston Valley Medical Center? How many Wellmont patients are currently referred to the Holston Valley Medical Center for cardiac PET procedures?

There is no cyclotron at Holston Valley Medical Center or any other location in Upper East Tennessee other than at Gray.

The roadway distance and drive time from the project site on Meadowview Parkway, to the Holston Valley Medical Center campus, is 4.3 miles and 12 minutes, according to Google Maps.

Currently WCS is allowed to schedule only six (6) patients per week on the mobile service (equates to only 300 annually on a 50-week year), so that the mobile service can remain devoted primarily to oncology studies. WCS patients are backlogged for service now, facing a two-month wait for access to service on the mobile PET.

c. Please clarify if there is a difference between the quality of a cardiac/PET procedure conducted at a fixed/PET versus a mobile PET. Are there any other differences?

There is no difference. The advantages of the fixed PET to WCS patients are that (1) it would be available daily, at the cardiology office where most of them now go, and (2) that it would eliminate their waiting time for this important test.

d. Does this proposed project include an on-site cyclotron? If not, are there any long-term plans to include a cyclotron on-site?

It does not include an on-site cycloton. Nor are there any plans for one. The cyclotron in Gray provides excellent service to Wellmont. The applicant has no reason to incur such a large expense for its own dedicated cyclotron.

e. Table Three-B on the bottom of page eleven is noted. The correct CON number for ImagDent of Memphis is CN0908-044. Please revise and submit a replacement page.

Revised page 11R is attached following this page, with the extra mistyped digit removed from that number.

5. Section B, Item II.C.

The applicant states it has not been feasible to refer patients to Gray Tennessee for two reasons: 1) many people prefer to have all their testing needs met in one continuum 2) a cardiac PET study requires a cardiologist to spend several hours a day in Gray conducting cardiac PET studies. The applicant mentions referring patients to Gray, Tennessee and to Holston Valley Medical Center. Does the applicant also send cardiologists to Holston Valley in the same manner as reported for the cardiac/PET unit in Gray, Tennessee.

Yes. When a patient has this procedure at Holston Valley Medical Center it is supervised at that location by the WCS cardiologist who is on-site that day, or who is assigned to go to the site.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

ODC renovation projects completed in 2008-2012 ranged from \$52-\$196 PSF construction cost, according to data from the HSDA Registry. See Table Three-A below. Although the HSDA Registry did not compile a similar table for 2008-2012 due to the small number of ODC projects (5) completed in 2012, the Registry has supplied construction cost data for those five projects; see Table Three-B below.

Wellmont Cardiology Services' projected renovation cost of \$250 PSF for this very small space is moderately higher than the third quartile range of costs shown in Table Three-A, but is within the range of costs in Table Three-B. It must be recognized that a very small project like this, with large amounts of costly shielding, can be expected to show a relatively high cost per SF compared to larger projects, because larger projects can spread the site mobilization and related fixed costs over a larger square footage.

Table Three-A: Outpatient Diagnostic Center Construction Cost PSF Years: 2008-2010				
	Renovated	New	Total	
	Construction	Construction	Construction	
1 st Quartile	\$51.55/sq ft	none	\$51.55/sq ft	
Median	\$122.15/sq ft	none	\$122.15/sq ft	
3 rd Quartile	\$196.46/sq ft	none	\$196.46/sq ft	

Source: HSDA Registry. CON approved applications for years 2008 through 2010

Table Three-B: Outpatient Diagnostic Center Construction Cost PSF Years: 2012								
CON	ODC / Provider	Renovation Area	Construction Cost / sq ft					
CN0908-044	ImagDent of Memphis	1,746 SF	\$51.55/sq ft					
CN1010-046	Murfreesboro Diagnostic Imaging	9,587 SF	\$122.15/sq ft					
CN1010-047	Cleveland Imaging	911 SF	\$2 69.91/sq ft					
CN1103-008	E. TN Community Open MRI	795 SF	\$160.38/sq ft					
CN1110-039	St. Thomas OP Imaging	7,737 SF	\$159.69/ sq ft					

Source: HSDA Registry. CON approved ODC projects completed in 2012 (all renovation).

April 26, 2013 1:15 pm

Page Nine April 26, 2013

6. Section B, Item II. D.

In the companion application, Molecular Imaging Alliance, CN1304-014, the applicant states cardiac PET uses only two radiopharmaceuticals: ammonia (N-13) or rubidium (R-82). The applicant states N-13 has a half-life of 10 minutes and R-82 has a half-life of 75 seconds. The applicant further states as a practical matter, the radiopharmaceutical supplier must be within a short drive of the cardiac PET, if not in the same building (such as the The applicant states the current current case for the applicant). radiopharmaceutical provider will continue to provide materials by manufacturing sufficient amounts so that the required dosage is sufficient by the time it is administered. The applicant states if the delivery trip time plus administration of the pharmaceutical takes 30 minutes, then the amount with the strength of eight doses of N-13 might be sent, so that after its radioactivity diminishes by 50% every 10 minutes, one full doses remains for injection. Please respond to the following questions in regards to the above statements:

a. Is the situation as described above in the companion application also going to be experienced by this applicant since there is a similar distance from the cyclotron in Gray, TN?

Yes, it is.

b. On Table Eleven on page 43, the applicant assigns two doses of Nitrogen N-13 ammonia to each patient for the charge data in the amount of \$320.00 (\$160.00 per dose). Is the increase per dose, or approximately \$240,000 per year in cost (\$160.00 per dose times 1500 cases), attributed to the diminishing radioactivity of the doses as they are transported from the cyclotron in Gray, TN to the proposed site in Kingsport?

The cyclotron vendor at Gray will not charge the applicant more to ship additional amounts of the compound to Kingsport. Wellmont's mobile PET is already a customer of this vendor for its mobile service. The dosage prices in the application reflect current pricing, which the vendor has committed to hold.

The term "doses" needs clarification. Approximately 90% of WCS patients will be injected and tested at two times on the same day--once at rest and once with the heart stressed, with waiting time in between. The cyclotron delivers two actual doses of the radioactive N-13 ammonia, in two separate trips, for every patient being stress-tested. The stressed part of the test is pharmacologically-induced stress, from injection of a nonradioactive medication, Lexiscan, which WCS (not the cyclotron) has in its own practice pharmacy.

Page Ten April 26, 2013

c. What happens if there is a time delay during transport of radiopharmaceuticals?

The vendor has been delivering N-13 to the mobile PET at Holston Valley Medical Center in Kingsport for more than a year and has never been delayed sufficiently to require rescheduling of patients. According to the vendor, that delivery averages 23 minutes drive time one-way, compared to only 12 minutes to the WCS project site on Meadowview Parkway, and 13 minutes to the Molecular project site in Johnson City. In addition, the vendor's drivers constantly monitor emergency broadcast frequencies to identify road closures or automobile accidents, and they choose alternate routes to avoid such delays.

If there were a major delay, for example from a storm or emergency closure of an interstate or federal highway, the patient would be rescheduled. This is an outpatient diagnostic procedure.

d. Is it safer for the patient to receive radiopharmaceuticals from a cyclotron on-site where the time element is more closely monitored?

No, it is not. All delivery drivers must be licensed by the State Department of Conservation and Environment to handle radioactive materials and must be trained and certified by the US Department of Transportation in safe transport procedures. Off-site delivery is a safe and well-established practice nationally because cyclotrons are expensive and few in number, and they supply most of their customers through off-site deliveries across a wide service area.

7. Section B, Item II. E. What is the age of the proposed PET scanner?

It is approximately eleven years old. Soteria Imaging advises us that it was purchased new by another company in 2002. Soteria then acquired it and installed it in the Gray ODC when the ODC opened in late 2007. In 2011, ownership of both this GE sysem and the Siemens system were transferred by LifeScan Tennessee to Lifescan Leasing, at the direction of their common parent company, Soteria Imaging.

April 26, 2013 1:15 pm

Page Eleven April 26, 2013

8. Section C, Need, Item 1. (Project-Specific Criteria: PET Scanners)
The proposed project is changing ownership, proposed service area and location. Please address the revised and Updated standards for Positron Emission Tomography (PET) services found in the State Health Plan.

These will be submitted under separate cover in a second response letter.

- 9. Section C, Need, Item 1. (Project-Specific Criteria: Outpatient Diagnostic Centers)
 - a. Item #1-Please address the need for outpatient diagnostic services by county projecting four years into the future using available population figures.

These will be submitted under separate cover in a second response letter.

b. The applicant displays a chart that indicates forty (40) patients were sent from Sullivan County in 2012 to Molecular Imaging Alliance in Gray, Tennessee. The applicant appears to be competing with the mobile PET at Holston Valley Medical Center and, if approved, the similarly proposed companion application Molecular Imaging Alliance, CN1304-014 that has an over-lapping service area with the applicant. Has the applicant considered conducting studies other than cardiac PET procedures such as cancer and Alzheimer's to meet the optimal efficiency for a stationary PET unit of 1,600 procedures per year?

Although Molecular Imaging Alliance and Wellmont Cardiology Services serve the same area, they will continue to have separate referral sources in the physician community; so their competition will be more theoretical than actual.

The applicant is dedicating this unit to its own patients, all of whom require cardiology studies and not cancer or neurological studies. As you can tell from the documentation of 1,500 annual scans in each of its first two years, this unit in its first year of operation will perform 1,500 procedures, almost at the 1,600-procedure standard for optimal utilization. So the applicant sees no need or even an opportunity to supplement its use with other types of studies, which are better performed on the several other PET/CT units in the service area.

Page Twelve April 26, 2013

c. The applicant has provided an attachment labeled, "C, Need—1A.3.e., Letters of Intent". Please clarify which section the applicant is referencing with this attachment.

That attachment contained a letter of intent from the cyclotron company attesting that it will provide the necessary dosages to the applicant's location, and a seller's letter of commitment documenting the applicant's stated purchase price for the PET system. These letters of documentation refer back to several sections of the application, including the Project Description in Section B.IIA, and the cost estimates in Section C(II)1.

d. The Attachment, "C, Need-1A.3e.", as listed above is a letter from Precision Nuclear, LLC stating the ability and intent to supply dosing for Cardiac PET perfusion imaging to CVA Heart Institute in Johnson City and Kingsport, TN. Please clarify the association of the applicant with the CVA Heart Institute locations in Johnson City and Kingsport, TN.

This letter is written to LifeScan. It states that the vendor will "supply *your* PET imaging system and the PET imaging system at CVA Heart Institute...at...Johnson City and Kingsport." The words "your PET imaging system" refer to LifeScan Tennessee, the addressee of the letter.

WCS, the applicant, is a physician group practice wholly owned by Wellmont Health System. Wellmont CVA Heart Institute is a name by which this specialty medical group is known. Wellmont Health System leases The Heart Center building in Kingsport, where the WCS group (the Wellmont CVA Heart Institute) has its main practice offices, and where WCS proposes to implement the project. WCS also has a satellite office in Johnson City.

10. Section C, Need, Item 3 The applicant refers to Table Six-Patient Origin Projection on page 27 which is missing. Please submit.

Please. The omitted page 27 is attached following this page. But please also see the Table Six (Supplemental) and narrative submitted in response to questions 3b-3c above.

April 26, 2013 1:15 pm

Table Six: Patient Origin Wellmont Cardiology Services & Cardiac PET Scans CY2012 / CY2014-CY2015									
County	WCS Patients CY2012	Percent of Total	Cumulative Percent of Total	CY2014 Cardiac PET Scans	CY2015 Cardiac PET Scans				
Sullivan	12,085 5,478	26.8% 12.2%	26.8% 39.0%						
Washington (VA) Washington	3,784	8.4% 8.0%	47.4% 55.4%	125.9	125.9				
Hawkins Greene	3,607 3,283	7.3%	62.6%	109.3	109.3				
Wise (VA) Scott (VA)	3,018 1,837	6.7% 4.1%	69.3% 73.4%	61.1	61.0				
Russell (VA) Lee (VA)	1,631 1,610	3.6% 3.6%	77.0% 80.6%	53.6	54.0				
Smyth (VA) Primary Service Area Subtotal	1,577 37,910	3.5% 84.1%	84.1%	52.5 939.7	52.0 939.7				
69 Other Counties in 5 States <3% of Grand Total Grand Total	7,163 45,073	15.9% 100.0%		560.3 1,500.0					

Source: WCS patient origin from practice record; cardiac pet projections by WCS management.

Page Thirteen April 26, 2013

11. Section C, Need, Item 5

a. The applicant mentions the remote location of the current two PET scanners in Gray Tennessee is located between the region's two largest medical care centers. What are the names of the medical centers?

Wellmont Holston Valley Medical Center in Kingsport; and Mountain States Health Alliance's Johnson City Medical Center in Johnson City.

b. Please clarify if the location is Gray, TN for the two (2) PET scanners was originally strategically chosen to serve the two mentioned medical centers.

The original location in Gray was intended to serve patients from both the Kingsport and Johnson City medical centers. It has served hundreds of patients annually from that location. However, many more physicians and patients would utilize it, if it were closer to the physician and patient concentrations around the medical centers. The proposed locations have been chosen to provide that advantage. The Kingsport location is where the great majority of outpatient cardiology procedures are performed for Wellmont patients.

c. The applicant has provided table eight that displays utilization for Molecular Imaging Alliance Cardiac PET only. Please revise and include all PET units in the proposed service area and indicate if cardiac PET services are attached to each unit listed, and if the unit is fixed or mobile.

This will be provided under separate cover--except for information that is not publicly available or otherwise known to the applicant, on whether area PET's or PET/CT's other than Wellmont's own mobile system are equipped with the software package to perform cardiac studies.

12. Section C, Need, Item 6

When does the applicant expect to reach optimal capacity for PET (1600 procedures) per year according to the State Health Plan.

The applicant hopes to reach a rate of 1,600 cardiac PET procedures sometime in Year Three (CY2016).

Page Fourteen April 26, 2013

13. Section C. Economic Feasibility Item 1 (Project Cost Chart)

The applicant has listed \$2,410 as the CON filing fee on the Project Cost Chart. Please revise with the correct CON filing fee and resubmit a revised Project Cost Chart.

That was not a calculation error. It was a rounding to the nearest dollar, of the exact figure of \$2,409.75. Applicants in the past have been allowed to so round off the fee not only on the Project Cost Chart but also in the actual filing fee check.

14. Section C. Economic Feasibility Item 2

Please provide "Attachment C, Economic Feasibility-2" that documents funding availability for the proposed project.

The letter is attached following this page.

15. Section C, Economic Feasibility, Item 4.

a. Please itemize "D.3 Supplies" located on the Projected Data Chart in the amounts of \$588,000 and \$605,640 for the Years 2014 and 2015, respectively.

Revised page 40R with supplies itemized will be forwarded under separate cover.

b. If the applicant had a cyclotron on-site what would be the impact on Project Costs and the Projected Data Chart?

This has not been calculated by the applicant. It would be financially unfeasible for WCS to undertake such a large capital investment (seven figures). No other party is likely interested in doing it. The existing cyclotron in Gray has a well-developed customer network in the region and WCS has no reason to change its cyclotron provider.

c. Please indicate if the cost of radiopharmaceuticals were factored in the Projected Data Chart.

They were factored into the supplies line. See response to your question 15a above.



April 15, 2013

Melanie M. Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson State Office Building, Suite 850 500 Deaderick Street Nashville, Tennessee 37243

RE: CON Application for Cardiac PET Service and ODC Licensure

Wellmont Cardiology Services, Inc., Kingsport, Sullivan County

Dear Mrs. Hill:

Wellmont Cardiology Services, Inc., whose only member/owner is Wellmont Health System, is applying for a Certificate of Need to add the subject service to the Wellmont CVA Heart Institute campus in Kingsport, and if required, to license the service as an Outpatient Diagnostic Center.

As Senior Vice President, Finance of Wellmont Health System, I am writing to confirm that we will provide in cash the approximately \$1,074,000 in capital costs required to implement this project. The organization's financial statements are provided in the application.

Sincerely,

Todd J. Dougan, CPA

Sr. Vice President, Finance

Wellmont Health System

1905 American Way

Kingsport, TN 37660

423-230-8512

423-230-8511 (fax)

Todd.Dougan@Wellmont.org

April 26, 2013 1:15 pm

Page Fifteen April 26, 2013

16. Section C, Economic Feasibility, Item 6.B.

Please submit Table Eleven (chart showing the most frequent procedures to be performed, with the current Medicare reimbursement, and their projected Year One and Year Two utilization and average gross charges.)

Revised page 43R is attached following this page.

17. Section C, Economic Feasibility, Item 10.

Please provide the mentioned financial statements listed as "Attachment C, Economic Feasibility—10".

They are attached following this page.

18. Section C, Orderly Development, Item 1.

The applicant states there are no shortage of working relationships between the applicant and any level of healthcare provider that might be needed. Please list all existing health care providers (i.e.-Hospitals m nursing homes, home care organization, etc.) management care organizations, alliances and/or networks with which the applicant currently has or plan to have contractual and/or working relationships.

These will be provided under separate cover.

April 26, 2013 1:15 pm

	Table Eleven:		ardiology	Services C	Wellmont Cardiology Services Cardiac PET Service	rvice		
		Charge Data for Most Frequent Procedures	or Most Fre	equent Pro	cedures			
			Ave	Average Gross Charge	Charge		Utilization	
		Current						
CPT or		Medicare						
DRG	Descriptor	Allowable	Current	Year 1	Year 2	Current	Year 1	Year 2
78492	78492 Myocardial imaging, positron							
	emission tomography (PET),							
	perfusion; multiple studies at rest							
	and/or stress	1,099.43	3,298.29	3,133.38	2,976.71	254	1,500	1,500
7845	78459 PET MYOCARDIAL IMAGING	\$1,082	3,244.80	3,082.56	2,928.43	0	0	0
7849	78491 PET MYOCARDIAL IMAGING SINGL	\$1,083	3,248.46	3,086.04	2,931.74	0	0	0
A9526	A9526 Nitrogen N-13 Ammonia	*Invoice Total	320.00	320.00	320.00	254	1,500	1,500
J278	J2785 Lexiscan	53.64	160.91	482.72	1,448.17	254	1,500	1,500

Source: Practice Management

*Per CAHABA - Invoice Total Required. \$160 each dose, 2 doses per patient = \$320 (Current volume conducted using a mobile PET at HVMC in CY2012)





WELLMONT HEALTH SYSTEM AND AFFILIATES

Consolidated Financial Statements

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)



KPMG LLP Suite 1000 401 Commerce Street Nashville, TN 37219-2422 April 26, 2013 1:15 pm

Independent Auditors' Report

The Board of Directors Wellmont Health System:

We have audited the accompanying consolidated balance sheets of Wellmont Health System and affiliates (Wellmont) as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Wellmont's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wellmont's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wellmont Health System and affiliates as of June 30, 2012 and 2011, and the consolidated results of their operations and changes in their net assets, and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the consolidated financial statements, Wellmont changed its presentation of provision for bad debts as a result of the adoption of Accounting Standards Update No. 2011-07, Health Care Entities: Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities.

KPMG LLP

October 24, 2012

April 26, 2013 1:15 pm

WELLMONT HEALTH SYSTEM AND AFFILIATES

Consolidated Balance Sheets

June 30, 2012 and 2011

(Dollars in thousands)

2013 APR 26 PM 1: 18

Assets	_	2012	2011
Current assets: Cash and cash equivalents Assets limited as to use, required for current liabilities Patient accounts receivable, less allowance for uncollectible accounts of	\$	44,930 4,372	36,558 1,902
approximately \$25,656 and \$24,246 in 2012 and 2011, respectively Other receivables Inventories Prepaid expenses and other current assets	9=	108,265 23,805 17,862 7,462	101,565 9,904 17,830 7,163
Total current assets		206,696	174,922
Assets limited as to use, net of current portion Land, buildings, and equipment, net		339,030 458,048	319,387 454,937
Other assets: Long-term investments Investments in affiliates Deferred debt expense, net Goodwill Other		36,633 32,646 5,419 17,090 651	36,437 31,177 5,847 16,721 1,875
	-	92,439	92,057
Total assets	\$ =	1,096,213	1,041,303
Liabilities and Net Assets			
Current liabilities: Current portion of long-term debt Accounts payable and accrued expenses Estimated third-party payor settlements Current portion of other long-term liabilities	\$	11,913 81,243 15,535 5,782	9,273 70,943 9,533 8,527
Total current liabilities		114,473	98,276
Long-term debt, less current portion Other long-term liabilities, less current portion		459,654 54,060	458,882 42,384
Total liabilities	_	628,187	599,542
Net assets: Unrestricted Temporarily restricted Permanently restricted		458,218 5,739 1,304	434,661 3,570 1,174
Total net assets attributable to Wellmont		465,261	439,405
Noncontrolling interests	-	2,765	2,356
Total net assets		468,026	441,761
Commitments and contingencies			
Total liabilities and net assets	\$ =	1,096,213	1,041,303

See accompanying notes to consolidated financial statements.

April 26, 2013 1:15 pm

WELLMONT HEALTH SYSTEM AND AFFILIATES

Consolidated Statements of Operations and Changes in Net Assets

Years ended June 30, 2012 and 2011

(Dollars in thousands)

		2012	2011
Revenue:	ф	012.000	767.450
Patient service revenue Provision for bad debt	\$	813,229 (71,407)	767,450 (37,858)
Net patient revenue less provision for bad debt	_	741,822	729,592
Other revenues	-	47,904	29,799
Total revenue		789,726	759,391
Expenses: Salaries and benefits Medical supplies and drugs Purchased services Interest Depreciation and amortization Other	-	368,772 164,397 79,509 21,677 46,403 86,645	347,185 160,565 80,348 20,750 46,059 87,319
Total expenses	-	767,403	742,226
Income from operations	-	22,323	17,165
Nonoperating gains (losses): Investment income Derivative valuation adjustments Other, net Gain on refinancing		17,272 1,807	10,383 1,355 (519) 1,042
Nonoperating gains, net		19,079	12,261
Revenue and gains in excess of expenses and losses before discontinued operations		41,402	29,426
Discontinued operations	_	88	44
Revenue and gains in excess of expenses and losses		41,490	29,470
Income attributable to noncontrolling interests	_	(1,670)	(1,238)
Revenues and gains in excess of expenses and losses attributable to Wellmont		39,820	28,232
Other changes in unrestricted net assets: Change in net unrealized gains on investments Net assets released from restrictions for additions to land, buildings, and equipment Change in the funded status of benefit plans and other	_	(9,534) 3,766 (10,495)	42,186 2,852 2,771
Increase in unrestricted net assets	200	23,557	76,041
Changes in temporarily restricted net assets: Contributions Net assets released from temporary restrictions	<u></u>	6,661 (4,492)	2,566 (3,547)
Increase (decrease) in temporarily restricted net assets	-	2,169	(981)
Changes in permanently restricted net assets - investment income	77	130	6
Changes in noncontrolling interests: Income attributable to noncontrolling interests Distributions to noncontrolling interests Change in noncontrolling percentages	_	1,670 (1,261)	1,238 (1,178) (92)
Increase (decrease) in noncontrolling interests	-	409	(32)
Change in net assets		26,265	75,034
Net assets, beginning of year	-	441,761	366,727
Net assets, end of year	\$ _	468,026	441,761

See accompanying notes to consolidated financial statements,

Page Sixteen April 26, 2013

19. Section C, Orderly Development, Item 2.

a. Please indicate the reason why the applicant and Molecular Imaging Alliance did not split the original service area for the two existing PET units the applicant proposes to acquire that are currently located in Gray, Tennessee?

The applicant and Molecular Imaging Alliance have overlapping service areas now. However, although WCS and Molecular's patients come from overlapping service areas, they will come through completely different referral sources. Both providers should continue to meet the needs of their referral sources. It is not up to the applicant to direct referral volumes. An agreement to divide the market may not even be lawful.

At any rate, WCS's projected procedures will fully utilize its own unit with patients who currently are not obtaining cardiac PET scans from Gray--regardless of where they live within the service area. So WCS feels that its unit at Kingsport will not reduce the utilization projections of the unit at Johnson City.

b. Is the applicant and Molecular Imaging Alliance planning to sign a non-compete contract in the proposed service area?

No, they are not.

Additional Information From Applicant

Attached are copies of the CV's and documentation of certifications to read nuclear imaging PET procedures, for the physicians who will interpret the cardiac PET studies.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

John Wellom

John Wellborn

April 26, 2013 1:15 pm

Single-photon emission computed tomography

From Wikipedia, the free encyclopedia

Single-photon emission computed tomography (SPECT, or less commonly, SPET) is a nuclear medicine tomographic^[1] imaging technique using gamma rays. It is very similar to conventional nuclear medicine planar imaging using a gamma camera. However, it is able to provide true 3D information. This information is typically presented as cross-sectional slices through the patient, but can be freely reformatted or manipulated as required.

The basic technique requires delivery of a gamma-emitting radioisotope (called radionuclide) into the patient, normally through injection into the bloodstream. On occasion, the radioisotope is a simple soluble dissolved ion, such as a radioisotope of gallium(III), which happens to also have chemical properties that allow it to be concentrated in ways of medical interest for disease detection. However, most of the time in SPECT, a marker radioisotope, which is of interest only for its radioactive properties, has been attached to a specific ligand to create a radioligand, which is of interest for its chemical binding properties to certain types of tissues. This marriage allows the combination of ligand and radioisotope (the radiopharmaceutical) to be carried and bound to a place of interest in the body, which then (due to the gamma-emission of the isotope) allows the ligand concentration to be seen by a gamma-camera.

Single-photon emission computed tomography

Intervention



A SPECT slice of the distribution of technetium exametazime within a patient's brain.

ICD-9- 92.0 (http://icd9cm.chrisendres.com/index.php?

CM srchtype=procs&srchtext=92.0&Submit=Search&action=search)-92.1

(http://icd9cm.chrisendres.com/index.php?

srchtype=procs&srchtext=92.1&Submit=Search&action=search)

MeSH D015899

OPS- 3-72 (http://ops.icd-code.de/ops/code/3-72.html)

301 code:

Contents

- 1 Principles
- 2 Application
 - 2.1 Myocardial perfusion imaging
 - 2.2 Functional brain imaging
- 3 Reconstruction
- 4 Typical SPECT acquisition protocols
- 5 SPECT/CT
- 6 See also
- 7 References
- 8 Further reading
- 9 External links

Principles

In the same way that a plain X-ray is a 2-dimensional (2-D) view of a 3-dimensional structure, the image obtained by a gamma camera is a 2-D view of 3-D distribution of a radionuclide.

SPECT imaging is performed by using a gamma camera to acquire multiple 2-D images (also called projections), from multiple angles. A computer is then used to apply a tomographic reconstruction algorithm to the multiple projections, yielding a 3-D dataset. This dataset may then be manipulated to show thin slices along any chosen axis of the body, similar to those obtained from other tomographic techniques, such as MRI, CT, and PET.

SPECT is similar to PET in its use of radioactive tracer material and detection of gamma rays. In contrast with PET, however, the tracer used in SPECT emits gamma radiation that is measured directly,



SPECT Siemens brand. It consists of

whereas PET tracer emits positrons that annihilate with electrons up to a few millimeters away, causing two gamma photons to be emitted in opposite directions. A PET scanner detects these emissions April 26, 2013 "coincident" in time, which provides more radiation event localization information and, thus, higher resolution images than SPECT 1v15 provided more easily-obtained radioisotopes than PET.

Because SPECT acquisition is very similar to planar gamma camera imaging, the same radiopharmaceuticals may be used. If a patient is examined in another type of nuclear medicine scan but the images are non-diagnostic, it may be possible to proceed straight to SPECT by moving the patient to a SPECT instrument, or even by simply reconfiguring the camera for SPECT image acquisition while the patient remains on the table.



SPECT machine performing a total body bone scan. The patient lies on a table that slides through the machine, while a pair of gamma cameras rotate around her.

To acquire SPECT images, the gamma camera is rotated around the patient. Projections are acquired at defined points during the rotation, typically every 3–6 degrees. In most cases, a full 360-degree rotation is used to obtain an optimal reconstruction. The time taken to obtain each projection is also variable, but 15–20 seconds is typical. This gives a total scan time of 15–20 minutes.

Multi-headed gamma cameras can provide accelerated acquisition. For example, a dual-headed camera can be used with heads spaced 180 degrees apart, allowing 2 projections to be acquired simultaneously, with each head requiring 180 degrees of rotation. Triple-head cameras with 120-degree spacing are also used.

Cardiac gated acquisitions are possible with SPECT, just as with planar imaging techniques such as MUGA. Triggered by Electrocardiogram (EKG) to obtain differential information about the heart in various parts of its cycle, gated myocardial SPECT can be used to obtain quantitative information about myocardial perfusion, thickness, and contractility of the myocardium during various parts of the cardiac cycle, and also to allow calculation of left ventricular ejection fraction, stroke volume, and cardiac output.

Application

SPECT can be used to complement any gamma imaging study, where a true 3D representation can be helpful, e.g., tumor imaging, infection (leukocyte) imaging, thyroid imaging or bone scintigraphy.

Because SPECT permits accurate localisation in 3D space, it can be used to provide information about localised function in internal organs, such as functional cardiac or brain imaging.

Myocardial perfusion imaging

Main article: Myocardial perfusion imaging

Myocardial perfusion imaging (MPI) is a form of functional cardiac imaging, used for the diagnosis of ischemic heart disease. The underlying principle is that under conditions of stress, diseased myocardium receives less blood flow than normal myocardium. MPI is one of several types of cardiac stress test.

A cardiac specific radiopharmaceutical is administered, e.g., ^{99m}Tc-tetrofosmin (Myoview, GE healthcare), ^{99m}Tc-sestamibi (Cardiolite, Bristol-Myers Squibb). Following this, the heart rate is raised to induce myocardial stress, either by exercise or pharmacologically with adenosine, dobutamine, or dipyridamole (aminophylline can be used to reverse the effects of dipyridamole).

SPECT imaging performed after stress reveals the distribution of the radiopharmaceutical, and therefore the relative blood flow to the different regions of the myocardium. Diagnosis is made by comparing stress images to a further set of images obtained at rest. As the radionuclide redistributes slowly, it is not usually possible to perform both sets of images on the same day, hence a second attendance is required 1–7 days later (although, with a Tl-201 myocardial perfusion study with dipyridamole, rest images can be acquired as little as two hours post-stress). However, if stress imaging is normal, it is unnecessary to perform rest imaging, as it too will be normal; thus, stress imaging is normally performed first.

MPI has been demonstrated to have an overall accuracy of about 83% (sensitivity: 85%; specificity: 72%),^[2] and is comparable with (or better than) other non-invasive tests for ischemic heart disease.

April 26, 2013 1:15 pm

Functional brain imaging

Main article: Neuroimaging

Usually, the gamma-emitting tracer used in functional brain imaging is ^{99m}Tc-HMPAO (hexamethylpropylene amine oxime). ^{99m}Tc is a metastable nuclear isomer that emits gamma rays that can be detected by a gamma camera. Attaching it to HMPAO allows ^{99m}Tc to be taken up by brain tissue in a manner proportional to brain blood flow, in turn allowing cerebral blood flow to be assessed with the nuclear gamma camera.

Because blood flow in the brain is tightly coupled to local brain metabolism and energy use, the ^{99m}Tc-HMPAO tracer (as well as the similar ^{99m}Tc-EC tracer) is used to assess brain metabolism regionally, in an attempt to diagnose and differentiate the different causal pathologies of dementia. Meta-analysis of many reported studies suggests that SPECT with this tracer is about 74% sensitive at diagnosing Alzheimer's disease vs. 81% sensitivity for clinical exam (cognitive testing, etc.). More recent studies have shown the accuracy of SPECT in Alzheimer's diagnosis may be as high as 88%.^[3] In meta analysis, SPECT was superior to clinical exam and clinical criteria (91% vs. 70%) in being able to differentiate Alzheimer's disease from vascular dementias.^[4] This latter ability relates to SPECT's imaging of local metabolism of the brain, in which the patchy loss of cortical metabolism seen in multiple strokes differs clearly from the more even or "smooth" loss of non-occipital cortical brain function typical of Alzheimer's disease.

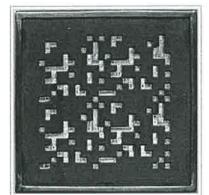
^{99m}Tc-HMPAO SPECT scanning competes with fludeoxyglucose (FDG) PET scanning of the brain, which works to assess regional brain glucose metabolism, to provide very similar information about local brain damage from many processes. SPECT is more widely available, because the radioisotope used is longer-lasting and far less expensive in SPECT, and the gamma scanning equipment is less expensive as well. While ^{99m}Tc is extracted from relatively simple technetium-99m generators, which are delivered to hospitals and scanning centers weekly to supply fresh radioisotope, FDG PET relies on FDG, which is made in an expensive medical cyclotron and "hot-lab" (automated chemistry lab for radiopharmaceutical manufacture), and then delivered immediately to scanning sites because of the natural short 110-minute half-life of Fluorine-18.

Reconstruction

Reconstructed images typically have resolutions of 64×64 or 128×128 pixels, with the pixel sizes ranging from 3–6 mm. The number of projections acquired is chosen to be approximately equal to the width of the resulting images. In general, the resulting reconstructed images will be of lower resolution, have increased noise than planar images, and be susceptible to artifacts.

Scanning is time consuming, and it is essential that there is no patient movement during the scan time. Movement can cause significant degradation of the reconstructed images, although movement compensation reconstruction techniques can help with this. A highly uneven distribution of radiopharmaceutical also has the potential to cause artifacts. A very intense area of activity (e.g., the bladder) can cause extensive streaking of the images and obscure neighboring areas of activity. (This is a limitation of the filtered back projection reconstruction algorithm. Iterative reconstruction is an alternative algorithm that is growing in importance, as it is less sensitive to artifacts and can also correct for attenuation and depth dependent blurring).

Attenuation of the gamma rays within the patient can lead to significant underestimation of activity in deep tissues, compared to superficial tissues. Approximate correction is possible, based on relative position of the activity. However, optimal correction is obtained with measured attenuation values. Modern SPECT equipment is available with an integrated X-ray CT scanner. As X-ray CT images are an attenuation map of the tissues, this data can be incorporated into the SPECT reconstruction to correct for attenuation. It also provides a precisely registered CT image, which can provide additional anatomical information.



Coded aperture mask for gamma

Typical SPECT acquisition protocols

Study	Radioisotope	Emission energy (keV)	Half- life	Radiopharmaceutical	Activity (MBq)	Rotation (degrees)	Projections	Image resolution	Time per projection (s)
	technetium-		6	Phosphonates /					

Bone scan	99m	140	hours	Bisphosphonates	800	360	SUPPLE	128 x 128	AL-#1
Myocardial perfusion scan	technetium- 99m	140	6 hours	tetrofosmin; Sestamibi	700	180	60	64 x 64	26, 2013 21:15 pm
Sestamibi parathyroid scan	technetium- 99m	140	6 hours	Sestamibi					
Brain scan	technetium- 99m	140	6 hours	HMPAO; ECD	555- 1110	360	64	128 x 128	30
Neuroendocrine or neurological tumor scan	iodine-123 or iodine-131	159	hours or 8 days	MIBG	400	360	60	64 x 64	30
White cell scan	indium-111 & technetium- 99m	171 & 245	67 hours	in vitro labelled leucocytes	18	360	60	64 x 64	30

SPECT/CT

In some cases a SPECT gamma scanner may be built to operate with a conventional CT scanner, with coregistration of images. As in PET/CT, this allows location of tumors or tissues which may be seen on SPECT scintigraphy, but are difficult to precisely locate with regard to other anatomical structures. Such scans are most useful for tissues outside the brain, where location of tissues may be far more variable. For example, SPECT/CT may be used in sestamibi parathyroid scan applications, where the technique is useful in locating ectopic parahyroid ademomas which may not be in their usual locations in the thyroid gland. [5]

See also

- Gamma camera
- Neuroimaging
- Functional neuroimaging
- Magnetic resonance imaging
- Positron emission tomography
- ISAS (Ictal-Interictal SPECT Analysis by SPM)

References

- 1. ^ SPECT (http://www.nlm.nih.gov/cgi/mesh/2011/MB_cgi?mode=&term=SPECT) at the US National Library of Medicine Medical Subject Headings (MeSH)
- 2. ^ Elhendy, A; Bax, JJ; Poldermans, D (2002). "Dobutamine stress myocardial perfusion imaging in coronary artery disease.". *Journal of Nuclear Medicine* 43 (12): 1634–46. PMID 12468513 (//www.ncbi.nlm.nih.gov/pubmed/12468513).
- 3. A Bonte FJ, Harris TS, Hynan LS, Bigio EH, White CL (2006). "Tc-99m HMPAO SPECT in the differential diagnosis of the dementias with histopathologic confirmation". Clin Nucl Med 31 (7): 376–8. doi:10.1097/01.rlu.0000222736.81365.63 (http://dx.doi.org/10.1097%2F01.rlu.0000222736.81365.63). PMID 16785801 (//www.ncbi.nlm.nih.gov/pubmed/16785801).
- A Dougall NJ, Bruggink S, Ebmeier KP (2004). "Systematic review of the diagnostic accuracy of 99mTc-HMPAO-SPECT in dementia". Am J Geriatr Psychiatry 12 (6): 554–70. doi:10.1176/appi.ajgp.12.6.554 (http://dx.doi.org/10.1176%2Fappi.ajgp.12.6.554). PMID 15545324 (//www.ncbi.nlm.nih.gov/pubmed/15545324).
- 5. ^ [1] (http://www.ncbi.nlm.nih.gov/pubmed/18997051) PET/CT sestamibi vs. other modalities for parathyroid imaging

Further reading

- Herman, Gabor T. (2009). Fundamentals of Computerized Tomography: Image Reconstruction from Projections (2nd ed.). Springer. ISBN 978-1-85233-617-2...
- Elhendy *et al.*, Dobutamine Stress Myocardial Perfusion Imaging in Coronary Artery Disease, J Nucl Med 2002 43: 1634–1646 (http://jnm.snmjournals.org/cgi/content/abstract/43/12/1634)

CURRICULUM VITAE

HARRISON D. TURNER, M.D., F.A.C.C.

ADDRESS:

Work:

The Heart Center

2050 MeadowView Parkway

Kingsport, TN 37660

Home:

3425 Parkcliff Drive

Kingsport, TN 37664

TELEPHONE:

Work:

423-230-5000

Home:

423-246-3823

LICENSURE AND CERTIFICATION:

Licensed:

Tennessee

North Carolina

Virginia

Certification:

National Board of Medical Examiners - 1972

American Board of Internal Medicine - 1976 Board Certified, Cardiovascular Diseases - 1979

EDUCATION:

1967 B.S., summa cum laude, University of Tennessee, Knoxville, Tennessee

1971 M.D., Vanderbilt University School of Medicine, Nashville, Tennessee

POST-GRADUATE MEDICAL EDUCATION AND TRAINING:

1971 - 1972	Intern in Medicine, Parkland Memorial Hospital, Dallas, Texas
1972 - 1973	Medical Resident, Parkland Memorial Hospital, Dallas, Texas
1975 - 1976	Medical Resident, North Carolina Memorial Hospital, Chapel Hill, North Carolina
1976 - 1978	Fellow, Division of Cardiology, Duke University Medical Center,

CURRICULUM VITAE - Dr. Harrison D. Turner Page Two

1973-1975

Military- US Indian Health Service, Claremore, OK

1978 - Present

Private Practice, Cardiovascular Associates P.C.,

Kingsport, Tennessee

SOCIETIES:

American College of Cardiology, 1979 American Heart Association, 1979 Tennessee Medical Association, 1978 Sullivan County Medical Society, 1978

ACADEMIC HONORS:

Phi Beta Kappa - 1967 Alpha Omega Alpha - 1970

MEDICAL SCHOOL OFFICES:

Class President, 1967-1971 Dean's Committee for Curriculum Revision, 1968-1970

HOSPITAL APPOINTMENTS:

Present:

Chair, Physicians' Wellness Committee, Holston Valley Hospital and Medical Center

Previous:

Holston Valley Health Care Foundation

Executive Committee, Founding Member, Holston Valley Hospital and Medical Center

Credentials Committee, Holston Valley Hospital and Medical Center

Medical Staff Executive Committee, Medical Staff Secretary, Holston Valley Hospital and Medical Center

Chairman, CME Committee, Holston Valley Hospital and Medical Center

Ad Hoc Committee in Cardiac Cath Lab Credentials, Holston Valley Hospital and Medical

April 26, 2013 1:15 pm

Center
CURRICULUM VITAE - Dr. Harrison D. Turner
Page Three

ICU Committee, Indian Path Medical Center

Critical Care Committee, Holston Valley Hospital and Medical Center

TEACHING:

1976 - 1978

A portion of activities as a Cardiology Fellow at Duke University Medical Center entailed teaching of medical students, intensive care unit nurses, and internal medicine residents.

Engaged in research interests at that time in endocardial pacemaker electrodes of new design, ongoing data collection regarding patients with complicated electrophysiological disorders, computerized follow-up of surgically and medically managed patients with coronary artery disease, and ongoing Miru research projects.

1978 - Present

Engaged in teaching internal medicine and family practice residents, coronary care unit nurses, cardiology subspecialty information and skills.

April 26, 2013 1:15 pm



CARDIOVASCULAR IMAGING **CERTIFICATIONS**

- Cardiovascular Computed Tomography
- Nuclear Cardiology

Certification recognizes those physicians who have demonstrated knowledge and skills in their respective fields by documenting appropriate training and/or experience and successfully passing a written examination.

Search Results

1 results found

Name/Location

Dr. Harrison D. Turner Kingsport, TN

CBNC

Status

DIPLOMATE

NOTE: For questions or further clarification, please call our office at 240.631.8151.

Search Again »

Information

Certificate Number: 4946

Certified in Nuclear Cardiology on 10/23/2006. This certification is valid from 10/23/2006-3/1/2017.

1 results found

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CURRICULUM VITAE OF LOUIS COLLIER JORDAN, JR., M.D., FACC

DATE OF BIRTH:

August 9, 1950

PLACE OF BIRTH:

LaGrange, Georgia

CITIZENSHIP:

United States

MARITAL STATUS:

Married

EAMILY:

Two Children

ADDRESS:

Office:

Wellmont CVA Heart Institute 2428 Knob Creek Road Johnson Clly, TN 37604 (423) 282-5054

E-mall: Collier.Jordan@Wellmont.org

Home:

413 Shade Tree Way Johnson City, TN 37604 Phone: (423)-926-5815 E-mail: cecejordan@aol.com

EDUCATION and WORK HISTORY:

Emory University Allanta, Georgia B.S. Biology 1972

The Medical College of Georgia Augusta, Georgia M.Ď. 1976

Johnson City, Tennessee (1981 - Present) The Medical Group August 1981 - August 1992

Cardiology Consultants September 1992 - September 30, 2001

Tri-State Cardiology, P.C. October 2001 - October 23, 2011

Wellmont CVA Heart Institute October 24, 2011-Present

Louis Collier Jordan, M.D., FACC Curriculum Vitae Page 2

POST-GRADUATE TRAINING:

RESIDENCY:

Internal Medicine
University of Tennessee Center for Health Sciences
Memphis, Tennessee
1976 ~ 1979

FELLOWSHIP:

Cardiology
University of Tennessee Center for Health Sciences
Memphis, Tennessee
1979 – 1981
01-06/1966 – Extension of Fellowship – Invasive Cardiology

PROFESSIONAL EXPERIENCE:

Chairman, Department of Medicine Johnson City Medical Center 1984 -- 1986

Medical Director of ACLS Johnson City Medical Center 1984 – 1996

Chairman Cardiology Committee Johnson Cily Medical Center 1985 - 1991

Board of Directors, AHA Washington County . 1987 – 1990

Board of Directors Johnson City Medical Center 1991 – 1994

Medical Director Cardiographics Johnson Gity Medical Center 2000 – 2005

Associate Clinical Faculty -- 1982 --Quillen College of Medicine Johnson City, Tennessee 37604

Chairman, Department of Cardiology Johnson City Medical Center July 2011

Louis Collier Jordan, M.D., PACC Chrisculum Vites Page 3

BOARD CERTIFICATIONS:

American Board Internal Medicine Internal Medicine - #72341 September 12, 1979

American Board Internal Medicine Cardiovascular Disease - #72341 November 11, 1981

ADDITIONAL CERTIFICATIONS:

ECO Exam 1998

Certification Board of Nuclear Cardiology #658 . December 1997

Recertification: 2018

National Board of Echocardiography #2000-280 2000

Recertification: 2010

MEDICAL LICENSURES:

State of Tennessee

#MD11656

10/24/78

Expires: 8/31/14

State of Virginia

#0101220436

8/4/99

Expires: 8/31/-14

HONORS AND AWARDS:

AOA -- Medical College of Georgia 1976

MEMBERSHIPS:

American College of Cardiology - FACC American Medical Association - AMA

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CARDIOVASCULAR IMAGING **CERTIFICATIONS**

- Cardiovascular Computed Tomography
- Nuclear Cardiology

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Search Results

2 results found

Name/Location

Dr. Louis C. Jordan, Jr. Johnson City, TN **CBNC**

Status

DIPLOMATE

NOTE: For questions or further clarification, please call our office at 240.631.8151.

Search Again »

Information

Certificate Number: 658

Recertified in Nuclear Cardiology on 12/8/2007. This certification is valid from 12/31/2007-3/1/2018.

Certified in Nuclear Cardiology on 10/26/1997. This certification was valid from 10/26/1997-12/31/2007.

2 results found

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CURRICULUM VITAE

Marc W. Mayhew, M.D.

ADDRESS:

Work:

Wellmont Cardiology Services

Wellmont CVA Heart Institute

2050 Meadowview Parkway

Kingsport, TN 37660

TELEPHONE:

Work:

423.230.5000

Fax:

423.230.5010

LICENSURE AND CERTIFICATION:

Licensed:

TN MD0000043665

Certification:

ABIM-Certified, Cardiovascular Disease

2007-2017

ABIM-Certified, Interventional Cardiology

2008-2118

ABIM-Certified, Internal Medicine

2004-2014

CBNC-Certified, Nuclear Cardiology

2006-2016

EDUCATION:

May 2001

M.D., Wake Forest University School of Medicine, Winston-Salem, NC

May 1995

B.S., Wake Forest University, Winston-Salem, NC

POST-GRADUATE MEDICAL EDUCATION AND TRAINING:

The University of Alabama at Birmingham

July 2007- June 2008

Fellow, Interventional Cardiology

July 2004 -June 2007

Fellow, Cardiovascular Disease

July 2001-June 2004

Resident, Internal Medicine

HOSPITAL AFFILIATIONS:

June 2006-Present

Physician-Active

Wellmont Holston Valley Medical Center

Kingsport, TN 37642

CURRICULUM VITAE – Dr. Marc Mayhew

Page 2 of 5

EMPLOYMENT:

May 1, 2010 -

Present

Physician

Wellmont Cardiology Services/Wellmont CVA Heart Institute

2050 Meadowview Pkwy Kingsport, TN 37660 423.230.5000

June 1, 2008 -

April 30, 2010

Physician – Private Practice

Cardiovascular Associates, P.C./The Heart Center

2050 Meadowview Parkway

Kingsport, TN 37660

423.230.5000

July 2005 -

June 2008

House Physician

Trinity Medical Center 800 Montclair Road Birmingham, AL 35213

205.592.5900

May, 2004 -

June 2008

House Physician

St. Vincent's Birmingham 810 St. Vincent's Drive Birmingham, AL 35205

205.989.4815

LEADERSHIP:

2006-2007

Chief Fellow: Division of Cardiovascular Disease

University of Alabama at Birmingham

2004-2006

Mentor: Introduction to Clinical Medicine Course University of Alabama at Birmingham Medical School

PUBLICATIONS/
PRESENTATIONS:

Mayhew, M, Cunningham, S, Holt, S. Heparin followed by bivalirudin during transradial coronary angiography and ad hoc PCI appears safe and effective. Poster presented at the M3 International Cardiovascular Conference,

October 2011.

April 26, 2013 1:15 pm

CURRICULUM VITAE – Dr. Marc Mayhew Page 3 of 5

PUBLICATIONS/
PRESENTATIONS (Continued)

Mayhew, M, Hillegass, W. et al. Periprocedural hyperglycemia is a powerful independent predictor of hospital cost in patients undergoing PCI. Abstract presented at the Society for Cardiac Angiography and Interventions annual meeting, April 2007.

Suarez, A, Mayhew, M, Hillegass, W. Post procedure administration of N-acetyl cysteine does not prevent contrast-induced nephropathy in patients with chronic kidney disease undergoing angiography in routine practice. Abstract presented at the Society for Cardiac Angiography and Interventions annual meeting, April 2007.

Dorfman, T, Aqel, R, **Mayhew, M**, and Iskandrian, A. Tako-tsubo. Cardiomyopathy: A Review of the Literature. Current Cardiology Reviews. 2007; 3: 137-142.

Mayhew, M, Hillegass, W, et al. Preprocedural anemia is a significant predictor of hospital cost in percutaneous coronary intervention. Abstract presented at the American Heart Association annual meeting, November, 2006.

Ershade, R, **Mayhew**, **M**, Hillegass, W., et al. Exacerbation or Development of Hyperglycemia Predicts Periprocedural Nephropathy. Abstract presented at the American Heart Association annual meeting, November 2006.

Mayhew, M, Hillegass, et al. N-acetyl cysteine does not prevent contrast-Induced nephropathy in patients undergoing angiography in routine practice. Abstract presented at the Society for Cardiac Angiography and Interventions annual meeting, May 2006.

Ershadi, R, **Mayhew**, **M**, Hillegass, W, et al. Hyperglycemia predicts contrast-Induced renal dysfunction. Catheterization and Cardiovascular Interventions. 67(5), 737.

Mayhew, M, Kay, G, et al. Electrical characteristics of a split cathodal pacing configuration. Pacing and Clinical Electrophysiology. 26, 2264-2271. December 2003.

Mayhew, M. Clinical vignette: E coli endocarditis. Southern Society of General Internal Medicine. Presented at annual meeting, February 2003.

Mayhew, M, Renganathan, M, Delbono, O. Effectiveness of caloric restriction In preventing age-related changes in rat skeletal muscle. Biochemical and Biophysical Research Communications. 250(1), 95-99.

April 26, 2013 1:15 pm

CURRICULUM VITAE - Dr. Marc Mayhew Page 4 of 5

RESEARCH EXPERIENCE:

CO-INVESTIGATOR, MERLIN TIMI-36 Trial

(Metabolic Efficiency with Ranolazine for Less Ischemia in Non-ST Elevation Acute Coronary Syndromes)
Principal Investigator: William J. Rogers, M.D.

CO-INVESTOGATOR, IMPROVE-IT Trial

(Improved Reduction of Outcomes: Vytorin Efficacy International Trial)

Principal Investigator: William J. Rogers, M.D.

CO-INVESTIGATOR, SCCOR Trials

Specialized Center for Clinically Oriented Research Principal Investigator: Louis Dell'Italia, M.D.

SUB-INVESTIGATOR, AGILITY TRIAL

(AngioSculpt Scoring Balloon Catheter Coronary Bifurcation Study) Principal Investigator: D. Christopher Metzger, M.D.

SUB-INVESTIGATOR, ADAPT DES

(Assessment of Dual AntiPlatelet Therapy with Drug-eluding Stents) Principal Investigator: D. Christopher Metzger, M.D.

SUB-INVESTIGATOR, CORAL

(Cardiovascular Outcomes in Renal Atherosclerotic Lesions) Principal Investigator: D. Christopher Metzger, M.D.

SUB-INVESTIGATOR, INFUSE AMI

(Evaluation of Intracoronary Abciximab Infusion and Aspiration Thrombectomy in Patients Undergoing Percutaneous Coronary Intervention for Anterior ST Segment Elevation Myocardial Infarction)
Principal Investigator: D. Christopher Metzger, M.D.

SUB-INVESTIGATOR, MOBILITY

(Safety and Efficacy of the ABSOLUTE PRO™ Peripheral Self Expanding Stent System and the Omnilink Elite™ Peripheral Balloon-Expandable Stent system in subjects with atherosclerotic *de novo* or restenotic lesions in the native common iliac artery and/or native external iliac artery) Principal Investigator: D. Christopher Metzger, M.D.

SUB-INVESTIGATOR, SPIRIT PRIME

(A clinical evaluation of the XIENCE PRIME™ and XIENCE PRIME™LL Everolimus Eluting Coronary Stent System)
Principal Investigator: D. Christopher Metzger, M.D.

April 26, 2013 1:15 pm

CURRICULUM VITAE – Dr. Marc Mayhew Page 5 of 5

2013 APR 26 PM 1: 17

RESEARCH EXPERIENCE (Continued)

SUB-INVESTIGATOR, SUPERB

(Comparison of the \underline{SU} pera \underline{PER} ipheral System to a Performance Goal derived from \underline{B} alloon Angioplasty Clinical Trials in the Superficial Femoral Artery)

Principal Investigator: D. Christopher Metzger, M.D.

PRINCIPAL INVESTIGATOR, PHOENIX

A clinical trial comparing cangrelor to clopidogrel standard of care therapy In subjects who require percutaneous coronary intervention

HONORS/AWARDS:

Scholarship Recipient

10th Annual Mayo Cardiovascular Review Course for Cardiology Boards Mayo Clinic; Rochester, Minnesota September 2005

TEACHING AWARD

University of Alabama at Birmingham Division of Cardiovascular Diseases June 2005

C. GLENN COBBS AWARD FOR EXCELLENCE

In recognition of contributions to the Birmingham VA Medical Service June 2002

VALEDICTORIAN

North Springs High School; Atlanta, GA June, 1991

SOCIETIES:

American College of Cardiology Society of Cardiac Angiography and Interventions Tennessee Medical Association Sullivan County Medical Society

Marc W. Mayhew, MD, FACC, FSCAI	Date

April 26, 2013 1:15 pm



CARDIOVASCULAR IMAGING CERTIFICATIONS

- Cardiovascular Computed Tomography
- Nuclear Cardiology

Certification recognizes those physicians who have demonstrated knowledge and skills in their respective fields by documenting appropriate training and/or experience and successfully passing a written examination.

Search Results

1 results found

Name/Location

Status

DIPLOMATE

Dr. Marc W. Mayhew

Birmingham, AL CBNC

NOTE: For questions or further clarification, please call our office at 240.631.8151.

Search Again »

Information

Certificate Number: 4577

Certified in Nuclear Cardiology on 10/23/2006. This certification is valid from 10/23/2006-3/1/2017.

1 results found

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Daniel M. O'Roark, D.O., FACC

Curriculum Vitae As of August 1, 2009

Home Address:

216 Lochridge Bend

Kingsport, TN 37663 423-239-9396 (home) 423-863-7060 (cell)

docardio@embargmail.com

Business:

Cardiovascular Associates

The Heart Center

2050 Meadowview Parkway

Kingsport, TN 37660

423-230-5000

doroark@theheartcenter.net

EDUCATION AND TRAINING

Undergraduate:

University of Pittsburgh, B.S.

1980

Graduate:

Philadelphia College of Osteopathic Medicine, D.O.

1984

Post Graduate:

(Internship)

Grandview Hospital and Medical Center, Dayton, Ohio

1984-85

(Internal Medicine) Grandview Hospital and Medical Center, Dayton, Ohio

1985-87

(Cardiology)

St. Francis Medical Center, Pittsburgh, PA

1987-89

CERTIFICATION

Diplomate; National Board of Examiners for Osteopathic Physicians and Surgeons, 1985 Internal Medicine; American Osteopathic Board of Internal Medicine, 1989 Cardiology: American Osteopathic Board of Internal Medicine, 1990 Nuclear Cardiology; Certification Board of Nuclear Cardiology, 2003 Echocardiography; National Board of Echocardiography, 2005 Board Eligible: Level I & Il Coronary and Peripheral CT Angiography, 2006/2008 AHA BLS ~ ACLS

NRC Radioactive Materials License 37-30945-01

MEDICAL LICENSURE

Ohio State Board, 1985 (#3931, Active) Pennsylvania State Board, 1986 (#OS-006046-E, Inactive) Tennessee State Board, 2005 (#1720, Active) Virginia State Board, 2005 (#0102201788, Active)

CURRENT STAFF POSITIONS

Wellmont Holston Valley Medical Center 130 Ravine Road Kingsport, TN 37662

September 2005 - Present

MEMBERSHIPS IN PROFESSIONAL SOCIETIES

American Osteopathic Association
American College of Cardiology (Fellow)
Society of Cardiovascular Computed Tomography
Tennessee Medical Association
Member--Examination Construction Committee--Cardiology Subspecialty Board-American Osteopathic Board of Internal Medicine (1990 - 2000)

HONORS AND ACHIEVEMENTS

Lutz Award, Philadelphia College of Osteopathic Medicine, 1984; Department of Medicine, Proficiency in Physical Diagnosis

Class Rank, Philadelphia College of Osteopathic Medicine, 1980-84: 8th of 205

PRACTICE EXPERIENCE

John R. Ribic, D.O., Inc. Dayton, Ohio August 1989 - July 1990

Gregg Medical Corporation Pittsburgh, PA August, 1990 - November 1993

Daniel O'Roark, D.O. Solo Practice Pittsburgh ~ Mt. Pleasant, PA December 1993 - September 1995

All County Cardiology, P.C. Shareholder / BOD, Mt. Pleasant, PA October 1995 - August 2005 Medical Director, Nuclear Cardiology Lab

Cardiovascular Associates, P.C. Shareholder, Kingsport, TN September 2005 - Present CVA Board of Directors 2007 - 2008

Medical Director, CVA Nuclear Cardiology Lab

Finance Committee CVA 2009 - Present

AREAS OF EXPERTISE

Clinical-Consultative Cardiology
Nuclear Cardiology
Transthoracic, Transesophageal (>18 years experience including CV OR) and Stress
Echocardiography
Diagnostic Cardiac Catheterization
Coronary and Peripheral CTA (Level II) High Volume Lab

April 26, 2013 1:15 pm



CARDIOVASCULAR IMAGING **CERTIFICATIONS**

- Cardiovascular Computed Tomography
- Nuclear Cardiology

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Search Results

1 results found

Name/Location

Dr. Daniel M. O'Roark Kingsport, TN

CBNC

Status

DIPLOMATE

Certificate Number: 2984

Information

Certified in Nuclear Cardiology on 10/26/2003. This certification is valid from 10/26/2003-3/1/2014.

NOTE: For questions or further clarification,

please call our office at 240.631.8151.

1 results found

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April 26, 2013 1:15 pm

CURRICULUM VITAE

Freddie Maxine Williams, MD

ADDRESS:

Work:

Wellmont Cardiology Services

Wellmont CVA Heart Institute 2050 MeadowView Parkway

Kingsport, TN 37660

TELEPHONE: Work:

423-230-5000

LICENSURE AND CERTIFICATION:

Tennessee # MD0000044791

EDUCATION:

Postgraduate Training:

July, 2006 – June, 2009

University of Virginia, Charlottesville VA

Fellow in Cardiovascular Medicine

June 2003 - June 2006

Duke University Medical Center, Durham NC

Residency in Internal Medicine

Medical Education:

Sept 1999 – June 2003

Harvard Medical School, Boston MA

Doctor of Medicine

Undergraduate:

Aug 1995-May 1999

University of Virginia, Charlottesville VA

Echols Interdisciplinary with Distinction

Bachelor of Arts

OTHER AWARDS/ACCOMPLISHMENTS

Member of the Raven Society, University of Virginia's oldest honor society Member of Phi Beta Kappa

Selected to live in the John Kenneth Crispell room on the Lawn at the University of VA, endowed for a premedical student, 1998-1999

Awarded Intermediate Honors at the University of VA Valedictorian, Gate City High School, June 1995

April 26, 2013 1:15 pm

EMPLOYMENT AND RESEARCH EXPERIENCE:

M	lay 2010 - Present	Wellmont Cardiology Services Wellmont CVA Heart Institute Kingsport, TN
Α	ugust 2009 - April 2010	Cardiovascular Associates, PC Kingsport, TN
S	ept. 2007 – June 2009	University of Virginia Health System Division of Cardiology Charlottesville VA
A	ug. 2004 – June 2006	Duke University Medical Center Division of Cardiology Durham NC
Α	pril 2004 – June 2006	Duke University Medical Center Division of Cardiology Durham NC
Jı	une 2000 – Aug. 2000	PASTEUR Summer Research Program Boston MA
F	eb. 2000 – June 2000	Multicenter Asthma Research Collaboration Boston MA
M	lay 1999 – Aug. 1999	www.liveabled.com Charlottesville VA
M	lay 1998 – Oct. 1998	Myles Thaler Center for AIDS and Retroviral Research Charlottesville VA
Já	an. 1997 – Aug. 1999	University of VA Department of Plastic Surgery Charlottesville VA

HOSPITAL AFFILIATION(S):

Wellmont Holston Valley Medical Center, Kingsport TN

PUBLICATIONS/PRESENTATIONS/POSTER SESSIONS

Williams FM, Crowly AL, Kim RJ, Harrison JK. (February 2007). ASD Size, Shape, Angulation, and Location Defined by Cardiac Magnetic Resonance En Face Imaging. Poster presented at the Annual Meeting of the Society for Cardiovascular Magnetic Resonance, Rome Italy.

Turner T, Williams FM. Chapter on Adrenergic Pharmacology in *Principles of Pharmacology: The Pathophysiologic Basic of Drug Therapy.* Lippincott Williams & Wilkins, New York: 2004.

SUPPLEMENTAL- # 1 April 26, 2013

1:15 pm

PUBLICATIONS/PRESENTATIONS/POSTER SESSIONS (cont'd)

Edlich RF, Williams FM. Chapters on Human T-cell Lymphotropic Virus-Type I and Demyelinating Diseases in *Advances in Medicine*. ABI Professional Publications, Arlington, VA: 2000.

Edlich RF, Arnette JA, Williams FM. Global Epidemic of Human T-cell Lymphotropic Virus-Type I. *Journal of Emergency Medicine.* 2000; 18: 109-19.

Fisher MD, Reddy VR, Williams FM, Lin KY, Thacker JG, Edlich RF. Biomechanical Performance of Powder-Free Examination Gloves. *Journal of Emergency Medicine*. 1999; 17(6): 1011-8.

Fisher MD, Reddy VR, Williams FM, Lin KY, Thacker JG, Edlich RF. Biomechanical Performance of Latex and Non-latex Double Glove Systems. *Journal of Biomedical Materials Research.* 1999; 48(6): 797-806.

Edlich RF, Suber F, Neal JG, Jackson EM, Williams FM. Integrity of Powder-Free Examination Gloves to Bacteriophage Penetration. *Journal of Biomedical Materials Research.* 1999; 48(5):755-8.

Jackson EM, Williams FM, Neal JG, Suber F, Thacker JG, Edlich RF. Biomechanical Performance of Examination Gloves. *Journal of Biomedical Materials Research.* 1999; 48(4): 572-7.

Jackson EM, Neal JG, Williams FM, Stern CA, Suber F, Thacker JG, Edlich RF. Biomechanical Performance of Orthopedic Gloves. *Journal of Biomedical Materials Research*. 1999; 48(2): 193-8.

Fisher MD, O'Keefe JS, Williams FM, Neal JG, Syverud SA, Edlich RF. Failure of a New Double-Glove Hole Detection System in the Emergency Department. *Journal of Biomedical Materials Research*. 1999; 48(2): 199-201.

VOLUNTEER EXPERIENCE

Sept 1999 - May 2000 PHACE

Boston MA

Discussion Leader

Aug. 1998 – Aug. 1999 Charlottesville-Albemarle Rescue Squad

Charlottesville VA

Volunteer Emergency Medical Technician - Basic

Sept. 1995 – May 1999 Madison House of the University of VA

Charlottesville VA

Program Director for Kluge Children's Rehab Center

April 26, 2013 1:15 pm



CARDIOVASCULAR IMAGING CERTIFICATIONS

- Cardiovascular Computed Tomography
- Nuclear Cardiology

Certification recognizes those physicians who have demonstrated knowledge and skills in their respective fields by documenting appropriate training and/or experience and successfully passing a written examination.

Search Results

1 results found

Name/Location

Dr. Freddie M. Williams

Kingsport, TN CBNC

Status

DIPLOMATE

NOTE: For questions or further clarification, please call our office at 240.631.8151.

Search Again »

Information

Certificate Number: 7442

Certified in Nuclear Cardiology on 12/5/2009. This certification is valid from 12/6/2009-3/1/2020.

1 results found

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April 26, 2013 1:15 pm

AFFIDAVIT

STATE OF TENNESSEE
COUNTY OF DAVIDSON

2013 APR 26 PM 1: 17

NAME OF FACILITY:
WELLMONT CANDIOLOGY SERVICES
I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawfu
agent of the applicant named in this Certificate of Need application or the lawful agen
thereof, that I have reviewed all of the supplemental information submitted herewith
and that it is true, accurate, and complete to the best of my knowledge.
Signature/Title Signature Title
Sworn to and subscribed before me, a Notary Public, this the day of 400, 2013 witness my hand at office in the County of 2013, State of Tennessee.
NOTARY PUBLIC
My commission expires $1 - 11 - 12017$.

HF-0043

Revised 7/02

COPY-ADDITIONAL Info

SUPPLEMENTAL-1

Wellmont Cardiology Services, Inc.

CN1304-013

April 29, 2013 4:20 pm

DSG Development Support Group

2013 APR 29 PM 4 19

April 29, 2013

Phillip M. Earhart, Health Planner III Tennessee Health Services and Development Agency 161 Rosa L. Parks Boulevard Nashville, Tennessee 37203

RE: CON Application CN1304-013

Wellmont Cardiology Services, Inc.

Dear Mr. Earhart:

This letter provides additional responses to several questions that could not be fully addressed in the applicant's April 26 responses to your First Supplemental Questions. The items below are numbered to correspond to those questions. They are provided in triplicate, with affidavit.

8. Section C, Need, Item 1. (Project-Specific Criteria: PET Scanners)
The proposed project is changing ownership, proposed service area and location. Please address the revised and Updated standards for Positron Emission Tomography (PET) services found in the State Health Plan.

Please see the new responses attached after this letter, to replace originally submitted page 20 of the application. The revised pages are 20a-R through 20n-R. This allows them to be inserted into the application where they belong, for future reference.

- 9. Section C, Need, Item 1. (Project-Specific Criteria: Outpatient Diagnostic Centers)
 - a. Item #1-Please address the need for outpatient diagnostic services by county projecting four years into the future using available population figures.

Please see the new responses attached after this letter, revising originally submitted pages 21-23 of the application. The revised pages are 21R, 22R, and 23a-R through 23c-R. This allows them to be inserted into the application where they belong, for future reference.

April 29, 2013 4:20 pm

Page Two April 29, 2013

2013 APR 29 PM 4 19

11. Section C, Need, Item 5

c. The applicant has provided table eight that displays utilization for Molecular Imaging Alliance Cardiac PET only. Please revise and include all PET units in the proposed service area and indicate if cardiac PET services are attached to each unit listed, and if the unit is fixed or mobile.

Attached following this page is an HSDA Registry report with the requested information for 2009-2012. It is revised page 31b-R, to go after the original page 31 that provided information only on the applicant.

The new page is HSDA data, whereas the original page 31 shows JAR data and the applicant's internal data for CY2012. The applicant actually provided slightly more procedures than the Registry shows, because the applicant did not include non-Tennessee residents in its submittal to HSDA. That insignificant discrepancy will be corrected under separate cover.

The applicant has no way to ascertain (a) whether the PET units other than Wellmont's unit are equipped with the special hardware and software options needed to perform cardiac PET studies, or (b) the number of cardiac studies such PET's can perform given their high utilization for oncology studies. Wellmont's mobile PET unit allows no more than 300 cardiac patient studies per year. There is no publicly available information on such limits that may be in place at other PET units.

13. Section C. Economic Feasibility Item 1 (Project Cost Chart)

The applicant has listed \$2,410 as the CON filing fee on the Project Cost
Chart. Please revise with the correct CON filing fee and resubmit a revised
Project Cost Chart.

Please excuse the misunderstanding that this should reflect the minimum filing fee of \$3,000.00, which was in fact submitted with the application. Attached is revised page 35R, the Project Review Chart.

SUPPLEMENTAL April 29, 2013 4:20 pm

Total Gross Charges	\$1,375,036.00	\$1,928,760.00	\$1,815,432.00	\$1,483,770.00	\$1,534,500.00	\$987,000.00	\$1,313,875.00	\$1,808,573.00	\$2,067,596.00	\$1,840,351.00	\$2,080,050.00	\$2,105,911.00	\$5,626,711.00	\$6,154,683.00	\$6,636,461.00	\$7,542,662.00	\$931,955.00	\$1,061,218.00	\$1,000,842.00	\$1,202,291.00	\$14,209,376.00	\$12,136,169.00	\$11,506,728.00	\$10,275,190.00	\$1,336,879.00	\$587,344.00	\$1,623,309.46	\$1,139,661.00	\$27,082,053.00	\$24,695,525.00	\$25,976,697.46	\$25,558,058.00
Total Procedures	436	456	430	351	341	296	317	405	464	435	466	460	1263	1381	1501	1677	138	154	133	143	2121	1769	1542	1234	411	342	514	623	5174	4833	4903	4893
Mobile Days Used	1 day/week	2 days/week	2 days/week	1 day/week	2 days/week	3 days/week	2 days/week	2 days/week	2 days/week	2 days/week	2 days/week	2 days/week	3 days/week	3 days/week	3 days/week	3 days/week	1 day/week	1 day/week	1 day/week	1 day/week	0	0	0	0	0	0	0	0				
Mobile ?	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Mobile (Part)	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed				
Number of	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	н	П	1	1	1		1	2	2	2	2	œ	œ	00	∞
Year	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012				
Provider	Laughlin Memorial Hospital, Inc.	Morristown-Hamblen Hospital	Morristown-Hamblen Hospital	Morristown-Hamblen Hospital	Morristown-Hamblen Hospital	Bristol Regional Medical Center	Holston Valley Medical Center	Indian Path Medical Center	Johnson City Medical Center	LifeScan Tennessee, LLC	LifeScan Tennessee, LLC	LifeScan Tennessee, LLC	LifeScan Tennessee, LLC	2009 Service Area Total	2010 Service Area Total	2011 Service Area Total	2012 Service Area Total															
Provider Type	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	HOSP	ODC	ODC	ODC	ODC				
County	Greene	Greene	Greene	Greene	Hamblen	Hamblen	Hamblen	Hamblen	Sullivan	Sullivan	Sullivan	Sullivan	Sullivan	Sullivan	Sullivan	Sullivan	Sullivan	Sullivan	s Sullivan	Sullivan	Washington	Washington	Washington	Washington	Washington	Washington	Washington	Washington				

Health Care Providers that Utilize PET Scanners

Medical Equipment Registry - 4/24/2013

3,000

1,074,000

0

TOTAL \$ _____1,074,000

Actual Capital Cost

Section B FMV

PROJECT COSTS CHART --WELLMONT CARDIOLOGY SERVICES CARDIAC PET SERVICE 4:20 pm

A.	Construction and equipment acquired by punchage 29 PM 4 19	
	 Architectural and Engineering Fees Legal, Administrative, Consultant Fees (Excl CON Filing) Acquisition of Site Preparation of Site Construction Cost Contingency Fund Fixed Equipment (Not included in Construction Contract) Moveable Equipment (List all equipment over \$50,000) Other (Specify) moving expenses IT, telecom, furnishings, misc 	\$ 30,000 30,000 0 520,000 26,000 325,000 60,000 60,000 20,000
В.	Acquisition by gift, donation, or lease:	
	 Facility (inclusive of building and land) Building only Land only Equipment (Specify) Other (Specify) 	0 0 0 0 0
C.	Financing Costs and Fees:	
	 Interim Financing Underwriting Costs Reserve for One Year's Debt Service Other (Specify) 	0 0 0 0
D.	Estimated Project Cost (A+B+C)	1,071,000

2		т.
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(\$2.25 per \$1,000 line D)

CON Filing Fee

Total Estimated Project Cost (D+E)

E.

F.

Page Three April 29, 2013

2013 APR 29 PM 4 19

15. Section C, Economic Feasibility, Item 4.

a. Please itemize "D.3 Supplies" located on the Projected Data Chart in the amounts of \$588,000 and \$605,640 for the Years 2014 and 2015, respectively.

The applicant calculated supplies for Year One, and then increased the total for Year Two by 3% to allow for potential price increases.

	Year 1	Year 2
Patients	1,500	1,500
General supplies @ \$12 per patient	\$ 18,000	\$ 18,540
N-13 @ \$320 (2 doses) per patient	\$480,000	\$494,400
Lexiscan (stress agent) @ \$60 per patient	\$ 90,000	<u>\$ 92,700</u>
Total	\$588,000	\$605,640 (+3%)

18. Section C, Orderly Development, Item 1.

The applicant states there are no shortage of working relationships between the applicant and any level of healthcare provider that might be needed. Please list all existing health care providers (i.e.-Hospitals m nursing homes, home care organization, etc.) management care organizations, alliances and/or networks with which the applicant currently has or plan to have contractual and/or working relationships.

The applicant is contracted with all three area TennCare MCO's and the Virginia program, as listed on page 4 of the application: BlueCare, United Community Healthcare Plan, TennCare Select, and Virginia Medicaid.

As a wholly-owned medical group practice in the Wellmont Health System, WCS has strong relationships with Wellmont Holston Valley Medical Center (HVMC), to whose patients WCS is the largest provider of cardiology care. An emergency transfer agreement if required by law or the HSDA will be executed with that facility. The Medical Director for the project will have staff privileges at HVMC.

WCS physicians direct the post-acute care plans for their cardiology patients who are discharged from HVMC (and other Wellmont hospitals). They actively work with large numbers of area nursing homes, home health agencies, and related post-acute providers. Attached after this letter are lists of many such agencies.

And, as explained in Section C(III)6 of the application, WCS physicians support the Family Medicine and Internal Medicine training program operated by East Tennessee State University. WCS also supports the rural-based, Family Medicine residency program operated by Wellmont Health System in formal collaboration with the Debusk College of Osteopathic Medicine. WCS has numerous training and educational

April 29, 2013 4:20 pm

Page Four April 29, 2013

affiliations with academic institutions throughout the southeastern U.S., which supports nursing training, imaging technologists training and the training of other allied health professionals. WCS operates a division called "Cardiovascular University" which offers hands-on training programs in Kingsport to cardiologists, vascular surgeons, nurse practitioners, physician assistants and other healthcare professionals.

Additional Information From Applicant

John Welloom

The time required for a SPECT scan for a single patient requires patient availability for a minimum of 3 hours. It consists of imaging of the heart at rest, and then under stress. The "at rest" phase requires an injection and an hour wait time for medication uptake by the body. Then the scan time is just under 30 minutes. The "stress" phase is a repeat of that. At a low-volume provider, those phases can follow one another immediately, so the patient is on-site for 3 to 4 hours. At a high-volume provider like Wellmont, the rest phase tests for all the day's patients are typically performed in the morning, and their stress phase tests are performed in the afternoon of the same day. In those situations, patients are on-site longer than 4 hours.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn Consultant

April 29, 2013 4:20 pm

WELLMONT CARDIOLOGY SERVICES CN1304-013

RESPONSES TO CON STANDARDS AND CRITERIA FOR POSITRON EMISSION TOMOGRAPHY SERVICES (PET SERVICES)

April 29, 2013 4:20 pm

PET REVIEW CRITERIA 2009 STATE HEALTH PLAN

Introduction

The applicant is addressing below the CON review standards and criteria ("the criteria") adopted in the 2009 State Health Plan.

However, as noted in some of the responses, "need" criteria do not seem applicable to a change of site of an authorized and operational PET unit, when its new site is in the same service area for which PET service was approved in 2007.

That is clear from the language of the need sections, which state that they apply to "new" or "additional" units or services. There are two PET systems lawfully in operation in the area today; and if both companion CON applications to relocate them are approved, the same two PET systems will continue to serve the originally approved area, but from two more accessible locations within that area.

Following this page is a copy of the PET Standards and Criteria from the 2009 State Health Plan.

Following that document are the applicant's responses to them, numbered to correspond to the State Health Plan document.

April 29, 2013 4:20 pm

APPENDIX A. Revised and Updated Standards and Criteria for Positron Emission Tomography (PET) services



STATE OF TENNESSEE

STATE HEALTH PLAN CERTIFICATE OF NEED STANDARDS AND CRITERIA

FOR

POSITRON EMISSION TOMOGRAPHY SERVICES

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide Positron Emission Tomography (PET) services. Existing providers of PET services are not affected by these standards and criteria unless they take an action that requires a new certificate of need (CON) for PET services.

These standards and criteria are effective immediately as of November 18, 2009, the date of approval and adoption by the governor of the State Health Plan. Applications to provide PET services that were deemed complete by HSDA prior to this date shall be considered under the Guidelines for Growth, 2000 Edition.

Definitions

Positron Emission Tomography (PET): A noninvasive diagnostic imaging procedure that assesses the level of metabolic activity and perfusion in various organ systems of the human body (source: The Centers for Medicare and Medicaid Services). PET differs from other nuclear medicine modalities in the type of radiation emitted and in the type of scanner required to detect it. By measuring the distributions of certain radiotracers in the body some time after they have been administered, PET can be used to diagnose physical abnormalities and to study body functions in normal subjects.

PET Unit: Diagnostic equipment (often referred to as a "scanner") that uses a positron camera (tomograph) to produce cross-sectional tomographic images (this process is often referred to as a "scan"). The images are obtained from positron emitting radioactive tracer substances (radiopharmaceuticals) such as 2-(F-18) Fluoro-D-Glucose (FDG) which are administered intravenously to the patient. The radioactive tracers may be

April 29, 2013 4:20 pm

produced on-site, e.g. with a cyclotron, or may be ordered from commercial distributors. As a result, factors such as equipment cost, geographic distribution and availability of distributors, and other related factors (regulatory compliance/certification) should be considered by the Agency in its review of all PET applications.

First developed in the 1970s, initial PET scanners were dedicated machines performing only that service. PET scanners can be either fixed (stationary) or mobile. Current technological adaptations include hybrid machines, such as combined PET-CT (computed tomography) scanners that are capable of performing a variety of nuclear medicine studies.

PET Procedure: A PET diagnostic scan or combination of scans performed on a single patient during a single visit. The Health Services and Development Agency (HSDA) shall be responsible for setting reporting requirements consistent with this definition.

Stationary PET Unit: A non-moveable PET unit housed at a single permanent location.

Mobile PET Unit: A PET unit and transporting equipment that is moved to provide services at two or more host facilities, including facilities located in adjoining or contiguous states of the Continental United States.

Capacity: The measure of the maximum number of PET scans per PET unit per year based upon the type of PET equipment to be used (i.e., stationary or mobile).

Stationary PET Unit Capacity: Total capacity of a stationary PET unit is 2,000 procedures per year and is based upon a daily operating efficiency of eight procedures per day x 250 days of operation per year. The optimal efficiency for a stationary PET unit is 80 percent of total capacity, or 1,600 procedures per year.

Mobile PET Unit Capacity: Total capacity of a mobile PET scanner is 400 annual procedures per day of operation per week and is based upon a daily operating efficiency of at least eight (8) procedures per day x number of days in operation per week x approximately 50 weeks per year. The optimal efficiency of a mobile PET unit is based upon the number of days per week that it is in operation. For each day of operation per week, the optimal efficiency is 320 procedures per year, or 80 percent of total capacity.

PET Unit Service Area: The counties, or portions thereof, representing a reasonable area in which a health care institution intends to provide PET unit services, including, but not limited to, oncology and cardiology diagnostic and treatment services, and in which at least 75% of its service recipients reside. A PET unit should be located at a site that allows reasonable access for residents of the service area.

Service Area Capacity: The estimate of the number of PET units needed in a given service area. The estimate is based upon an optimal efficiency of 1,600 procedures per year for a stationary PET unit and an optimal efficiency of 320 annual procedures per day of operation per week for a mobile PET unit, and the quantitative estimate of the number

April 29, 2013 4:20 pm

of patients who potentially could benefit from PET diagnostic services, especially those patients pertaining to the following categories:

- those patients where the use of PET unit services is essential to the diagnosis, treatment, or surveillance of cancer, including, but not limited to, diagnosis codes approved by the Centers for Medicare and Medicaid Services (CMS);
- those patients who are either non-emergent candidates for open heart surgery or therapeutic cardiac catheterization procedures;
- those patients with a diagnosis of partial complex epilepsy for whom surgical intervention is being considered; and
- any other patient population that may benefit from the accessibility to stationary or mobile PET unit services as a result of expanded clinical applications and changes in the reimbursement of PET service by third party payors, including those pertaining to programs administered by the CMS.

In addition to the above determinants of service area capacity, applicants should consider demographic patterns, including the results of estimates of population health risk factors and population-based cancer, heart disease, or other applicable clinical incidence rates. The data should be consistent with data prepared by the Tennessee Department of Health. Applicants should also document the extent, if any, of diagnostic oncology, cardiac and neurological medical services in the proposed service area in its determination of the need for PET unit services.

Standards and Criteria

1. Applicants proposing a new stationary PET unit should project a minimum of at least 1,000 PET procedures in the first year of service, building to a minimum of 1,600 procedures per year by the second year of service and for every year thereafter. Providers proposing a mobile PET unit should project a minimum of at least 133 mobile PET procedures in the first year of service per day of operation per week, building to an annual minimum of 320 procedures per day of operation per week by the second year of service and for every year thereafter. The minimum number of procedures for a mobile PET unit should not exceed a total of 1600 procedures per year if the unit is operated more than five (5) days per week. The application for mobile and stationary units should include projections of demographic patterns, including analysis of applicable population-based health status factors and estimated utilization by patient clinical diagnoses category (ICD-9).

For units with a combined utility, e.g., PET/CT units, only scans involving the PET function will count towards the minimum number of procedures.

2. All providers applying for a proposed new PET unit should document that the proposed location is accessible to approximately 75% of the service area's population. Applications that include non-Tennessee counties in their proposed

April 29, 2013 4:20 pm

service areas should provide evidence of the number of existing PET units that service the non-Tennessee counties and the impact on PET unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity.

- 3. All providers should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.
- 4. Any provider proposing a new mobile PET unit should demonstrate that it offers or has established referral agreements with providers that offer as a minimum, cancer treatment services, including radiation, medical and surgical oncology services.
- 5. A need likely exists for one additional stationary PET unit in a service area when the combined average utilization of existing PET service providers is at or above 80% of the total capacity of 2,000 procedures during the most recent twelvementh period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per PET unit is based upon the following formula:

Stationary Units: Eight (8) procedures/day x 250 days/year = 2,000 procedures/year

Mobile Units: Eight (8) procedures /day x 50 days/year= 400 procedures/year

The provider should demonstrate that its acquisition of an additional stationary or mobile PET unit in the service area has the means to perform at least 1,000 stationary PET procedures or 133 mobile PET procedures per day of operation per week in the first full one-year period of service operations, and at least 1,600 stationary PET procedures or 320 mobile PET procedures per day of operation per week for every year thereafter.

- 6. The applicant should provide evidence that the PET unit is safe and effective for its proposed use.
 - a. The United States Food and Drug Administration (FDA) must certify the proposed PET unit for clinical use.
 - b. The applicant should demonstrate that the proposed PET procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.
 - c. The applicant should demonstrate how emergencies within the PET unit facility will be managed in conformity with accepted medical practice.

April 29, 2013 4:20 pm

- d. The applicant should establish protocols that assure that all clinical PET procedures performed are medically necessary and will not unnecessarily duplicate other services.
- e. The PET unit should be under the medical direction of a licensed physician. The applicant should provide documentation that attests to the nature and scope of the duties and responsibilities of the physician medical director. Clinical supervision and interpretation services must be provided by physicians who are licensed to practice medicine in the state of Tennessee and are board certified in Nuclear Medicine or Diagnostic Radiology. Licensure and oversight for the handling of medical isotopes and radiopharmaceuticals by the Tennessee Board of Pharmacy and/or the Tennessee Board of Medical Examiners—whichever is appropriate given the setting—is required. Those qualified physicians that provide interpretation services should have additional documented experience and training, credentialing, and/or board certification in the appropriate specialty and in the use and interpretation of PET procedures.
- f. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.
- 7. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.
- 8. In light of Rule 0720-4-.01 (1), which lists the factors concerning need on which an application may be evaluated, the HSDA may decide to give special consideration to an applicant:
 - a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;
 - b. Who documents that the service area population experiences a prevalence, incidence and/or mortality from cancer, heart disease, neurological impairment or other clinical conditions applicable to PET unit services that is substantially higher than the State of Tennessee average;
 - c. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program and/or is a comprehensive cancer diagnosis and treatment program as designated by the Tennessee Department of Health and/or the Tennessee Comprehensive Cancer Control Coalition; or

April 29, 2013 4:20 pm

d. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

April 29, 2013 4:20 pm

Responses to the Criteria

Note: For brevity, the CON PET criteria are paraphrased below in bold letters. Also, the applicant has added subparts A, B, etc. to the numbered CON criteria when responding to multiple components of some criteria.

1A. Projected Utilization--1,000 procedures in Year One; 1,600 in Year Two

The application substantially complies with this criterion, in projecting 1,500 procedures in each of the first two years. The applicant expects to perform 1,600 procedures in the third year.

1B. Demographic Data--Population based health factors and ICD-9 level projections

The application projects population growth, and utilization by ICD-9 codes, as required by HSDA staff and rules. But the application does not base its projected utilization or need, or derive its ICD-9 projections, from population-based health factors.

The need for the project, and its future utilization, rely only on the current number of patients who are <u>actually being treated in the applicant's practice today</u>. That is not a speculative number. Approximately 1,500 current WCS patients need better access to cardiac PET service than has been available since 2007, or will be available when the only other provider of that service moves even farther away to the east.

2A. Applicants "applying for a proposed new PET unit" should document its accessibility to 75% of the service area population.

Not applicable because the applicant is not proposing a new PET unit or a new service area. Also, the criterion does not define "accessibility". However, Table Four on page 18 of the application provided drive time data demonstrating accessibility to selected counties in both Tennessee and Virginia. Following is additional information on its accessibility to its Tennessee service area counties other than its own home county.

	Table PET-1: Distance & Drive ort, Sullivan County, to TN Principle	
County / City	Driving Distance	Drive Time
1. Carter / Elizabethton	29.2 miles	34 minutes
2. Greene / Greeneville	38.5 miles	42 minutes
3. Hawkins / Rogersville	31.0 miles	38 minutes
4. Johnson / Mountain City	68.6 miles	76 minutes
5. Unicoi / Erwin	34.5 miles	36 minutes
6. Washington / Johnson City	20.2 miles	23 minutes
7. Cocke / Newport	68.2 miles	67 minutes
8. Hamblen / Morristown	55.5 miles	54 minutes
9. Hancock / Sneedville	53.9 miles	78 minutes

Source: Google Maps

April 29, 2013 4:20 pm

2B. Identify PET unit locations, capacity, and utilization in non-Tennessee counties in the service area, and discuss project impact on them.

The Virginia service area counties are Wise, Scott, Russell, Lee, and Smythe. The only hospital of significant size in that area appears to be Johnson Memorial Medical Center in Abingdon, which has mobile PET service and is located 42 miles from Kingsport. The applicant does not know its schedule or its utilization, but believes that it is not equipped to perform cardiac PET scans. The applicant knows of no other PET service in those five counties.

However, this project would not adversely impact any Virginia PET, because the applicant's utilization will consist exclusively of its own existing patients who have sought care from WCS cardiologists and are now obtaining diagnostic care within the WCS offices. In addition, in the unlikely event that the Abingdon mobile service were to become equipped for cardiac PET scans, it would be prohibitively difficult for Kingsport WCS cardiologists to accompany high volumes of Tennessee patients 42 miles away in Abingdon.

3. Document that alternate shared services and lower cost technology are known to be less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

For the large number of patients at WCS who need this service, there is no shared service option that is accessible to WCS physicians who must be on-site to supervise the procedures. The existing Gray facility made a good attempt at such sharing; but its under-utilization over the past five years has shown that this service needs to be available within, rather than between, the two large medical referral cities in this region (Kingsport and Johnson City).

There is no lower cost technology that can provide the diagnostic information cardiac PET provides, for the type of patient who is appropriate for it.

The relocation of this existing PET unit to WCS's own office at Kingsport will help WCS physicians improve the quality and continuity of care by having on-site control of its operation. It will also lower the cost of care by frequently ruling out the need for, or the feasibility of, subsequent cardiac catheterization and surgical procedures. One academic study provided in the Attachments to the application quantified a substantial "downstream" savings in overall healthcare costs, from substituting cardiac PET for SPECT in appropriate patient populations.

4. (This criterion is not applicable because it pertains only to a proposed new mobile PET.)

April 29, 2013 4:20 pm

5A. Need for "one additional stationary PET unit in an area" is likely if the utilization of existing PET providers was at or above 80% of their total capacity as reported to HSDA most recently.

The criterion is not applicable because the applicant is not requesting an additional unit.

Table PET-2 on the next page provides the requested data. The applicant notes the following in response to the standards for optimal average areawide utilization (1,600 procedures for fixed units; 320 procedures per each operational day per week for mobile units).

- The applicant has 1,800 patients a year needing this kind of diagnostic service in Kingsport; and 1,500 of them do not have access to it. The need is so large that daily access to this service Monday-Friday is needed.
- The definitions in the PET criteria state that patients should have reasonable access for service area residents. That should mean that physician and patient inaccessibility to a service location are to be weighed against areawide utilization standards where relevant.
- The accessible mobile unit at Holston Valley Medical Center (HVMC) is unable to schedule any more WCS patients than the 300 it already serves. The mobile unit standard is 320 annual procedures per day of service each week. The unit is docked at HVMC three days a week, so its standard is 960 annual procedures at that location. It is performing 1,677 procedures annually at HVMC. That is almost double the CON standard. It is in service five days a week already and so no more capacity is available on that mobile unit.
- All mobile PET units in the Tennessee service area are utilized at a group average of 6.8 procedures per day (9 days of service a week X 50 weeks per year = 450 available days; 3,036 procedures on mobiles / 450 days = 6.8 procedures per day of service). That is 85% of total capacity (6.8 / 8 patients capacity), well above the 80% CON standard.
- The applicant believes that the mobile PET coming to Indian Path Medical Center in Kingsport, and the fixed PET at Johnson City Medical Center in Sullivan County, do not perform cardiac PET studies. That mobile is available only one day a week; so even were it able and willing to perform cardiac studies, it could not accommodate the 1,500 additional patients per year that WCS is seeking to have served. Johnson City Medical Center is not fully utilized; but even were it able and willing to perform cardiac PET scans, it is at a location inaccessible to almost all WCS physicians.
- The fixed PET at Gray is seriously underutilized, at approximately 17% of capacity (334 procedures / 2000 procedure capacity) By taking it from LifeScan at Gray to WCS at Kingsport, where it will serve 1,500 currently underserved WCS patients, the utilization of that unit will be increased to 449% of its 2012 utilization, without taking a single cardiac PET patient from the utilization of any PET in the area.

County	Provider	Mobile or Fixed	Days Per Week	Annual Procedures
Greene	Laughlin Memorial Hospital	Mobile	1	351
Hamblen	Morristown-Hamblen Hospital	Mobile	2	405
Sullivan	Holston Valley Regl Med Cntr	Mobile	3	1,677
	Bristol Regl Medical Center	Mobile	2	460
	Indian Path Medical Center	Mobile	1	143
	Subtotal, Mobiles		9	3,030
Washington	Johnson City Medical Center	Fixed		1,234
	Molecular Imaging (LifeScan)	Fixed (2)		623*
	Total, All Units			4,893

Source: HSDA Registry 4/24/13. *Molecular procedures were 623 to Tennessee patients but 668 to all patients. Provider report to Registry will be corrected by Molecular under separate cover. Originally reported figure used here for consistency of source. Difference is insignificant for purposes of this project analysis.

5B. Applicants for a stationary unit should perform at least 1,000 and 1,600 procedures per year in the first two years, respectively.

This repeats criterion 1. The application substantially complies with this criterion, in projecting 1,500 procedures in each of the first two years. The applicant expects to perform 1,600 procedures in the third year.

6a. The PET unit must be FDA-certified for clinical luse.

Documentation of certification was submitted in the original application's Attachments.

6b. The PET's physical environment must conform to applicable Federal standards, manufacturer's specifications, and licensing requirements.

Compliance with applicable standards and regulations is assured by the architect's letter attesting to intended compliance. That was provided in the Attachments.

6c. The applicant should demonstrate how emergencies will be managed in conformity with accepted medical practice.

Please see the applicant's draft protocols for emergency response, attached at the end of this response section.

April 29, 2013 4:20 pm

6d. The applicant should establish protocols assuring that procedures are medically necessary and not unnecessarily duplicative.

Please see the applicant's draft protocols for that, attached at the end of this response section.

6e. Medical Direction

The Medical Director for the service (and for the ODC if licensure is required) has not yet been identified. However, a job description for the position is attached, to document compliance with the criteria. On April 26, the applicant submitted the resumes of the WCS cardiologists who will be most active in this service. The resumes document that they do, and will, comply with the applicable standards of criterion 6e. They are licensed physicians, Boarded cardiologists with certification in nuclear cardiology, approved to oversee handling of radiopharmaceuticals and medical isotopes, and qualified and experienced in interpreting cardiac nuclear medicine studies, which is what PET is.

One aspect of the standards is ambiguous to the applicant: the reference to "Board Certification in Nuclear Medicine or Diagnostic Radiology". For decades across the United States, cardiologists certified in Nuclear Cardiology--which these WCS physicians are--have been supervising and interpreting nuclear medicine studies such as SPECT and PET. That is what will happen in this project. The applicant believes that the standards should be assumed to include such specialists because that is an industry standard for cardiac PET.

6f. Emergency transfer agreement; Medical Director Required to Have Staff Privileges

The practice will seek a transfer agreement with Holston Valley Medical Center if licensed as an ODC. That is not necessary as a medical practice; all the WCS physicians at this location have admitting privileges and are on staff at that hospital. Practices do not sign transfer agreements with hospitals, to the best of the applicant's knowledge.

Upon contracting with a Medical Director, that person's privileges at HVMC will be required by contract.

7. Submission of data to HSDA

The applicant commits to comply with the requirement for timely submission of data to the HSDA for the Equipment Registry.

April 29, 2013 4:20 pm

Factors for Special Consideration

8a. Service to Medically Underserved Areas

WCS's total service area covers large numbers of medically underserved areas in Tennessee and in southwest Virginia. Attached to illustrate that are several listings of those areas at the county/census tract level. More can be provided if required; these are illustrative.

8b. Higher than Average Rates of Heart Disease

The applicant is not claiming this special circumstance at this time. It is neither a new service nor an additional unit for the area, so justification of this type is not needed.

8c. Safety Net Hospital; Comprehensive Cancer Program

WCS, the applicant, is wholly owned by Wellmont Health System, whose tertiary referral hospital in Kingsport--Holston Valley Medical Center--is a practice site for WCS physicians. That facility is designated by TennCare as a Safety Net Hospital. It is also designated as a Comprehensive Cancer Diagnosis and Treatment Program location.

8d. TennCare and Medicare Participation

As stated in the original application, the applicant contracts with all area TennCare MCO's and with Medicare. Please see the application, pages 4 and 45.

April 29, 2013 4:20 pm



Cardiac PET Clinic

EMERGENCY PROTOCOLS

Purpose: To ascertain the presence of a medical emergency. To provide emergency treatment and support in a patient arrest (cardiac and/or respiratory) situation, as well as facilitate quick and efficient transport to an emergency care facility. To ensure the safety of the victim and the safety of the rescuers.

In order to ascertain that any patient who so requires will receive immediate efforts at resuscitation, all employees in area of direct patient contact shall be trained in Basic Life support (BLS/CPR). This will be coordinated by the CPR educator.

Code Blue should be paged by any employee who is first upon the scene in the event of a cardiac/and or respiratory arrest. Method of paging: Dial 2633 and ask operator to page Code Blue giving exact location. Operator should announce the page 3 consecutive times.

**To page before or after hours when operator is not present, press "80", wait for tone, press "0" and speak into phone

Code Blue Team

The following persons shall constitute the Code Blue Team and should respond immediately to a "Code Blue" page (and should remain in the patient area until instructed to leave):

Nurses who are assigned to the team daily
HCTR physicians
1 Nuclear Tech - designated daily by nuclear supervisor
1 Echo Tech - designated dally by echo supervisor

In addition, other responsibilities as assigned: 1 member of check-out staff (pod schedulers); 1 member of front desk staff

In the case of an arrest, office personnel are designated responsibilities as follows:

Nurses

Perform CPR, obtain and maintain IV access (LPNs/RNs)

Perform defibrillation, administer medications (RNs)

The first ACLS-trained RN/MLP on the scene shall supervise the code, including administration of medications (as per ACLS protocol) until the arrival of the physician

April 29, 2013 4:20 pm



RN Clinical Director

Ascertain that appropriate persons have responded to code. Maintain adequate working space by clearing room of persons not directly involved in working the code. Assist other RNs with nursing functions. Document all treatments and actions within the patient's chart and/or incident report.

Mid-Level Providers:

Once on the scene, assume responsibility for supervising the code. Designate supervision of code to other physician(s) at his/her discretion.

Nuclear Medicine Tech

Keep "Code Blue" record. Standby to assist with CPR or other duties as needed

Echo Tech

Assist with CPR as needed. Standby for use of echo machine

Clerical Personnel

Patient Check-Out

Report to area to find out name of patient. Gather family members into a private area to manage their needs and concerns so that they may be kept informed of patient's condition. If no family members are present, attempt to locate family by phone.

Front Desk Reception Staff

Report to room to ascertain that physician has responded to "Code Blue" page. If physician not present, locate physician and inform him/her of Code Blue. Call "911" to request EMS assistance. Go to front entrance to await EMS arrival and escort them to area of code.

All Other Office Personnel

Remain at work station unless called upon to assist

In executing a Code Blue, the following sequence should be followed as closely as possible:

First Person Present

Upon discovering patient, call loudly for help or use paging system (2633) to call "CODE BLUE". If with patient as arrest occurs, position patient onto stretcher or floor, as able, to prevent further injury. Give exact location when paging (exam room#, stress lab, etc.). Begin ABCs of CPR until second person arrives

Second Person Present

Assist with CPR until crash cart arrives. As soon as crash cart arrives, connect patient to cardiac monitor.

As "Code Blue Team" arrives, all persons not designated as members of the team shall turn responsibilities over to them. Persons not on the Code Blue Team shall return to their work area unless instructed to remain.

April 29, 2013 4:20 pm



IV access shall be obtained immediately by the first person on the scene that is qualified to do so (unless defibrillation required, in which case it should be done immediately as per ACLS protocol).

In the absence of a physician, ACLS trained RNs/MLPs will follow ACLS protocols until physician or EMS arrives. Defibrillation may be performed by ACLS trained personnel (non-nursing/non-physician extender). ACLS trained persons shall follow guidelines and shall not initiate the administration of any medications). Any persons certified by the practice to insert intravenous catheters may administer IV medications under the supervision of physician, RN or physician extender.

All persons' responsibilities may not be limited to those listed above, but may include others as directed by physician, RN, or mid-level provider.

April 29, 2013 4:20 pm

Critical Results Policy - Cardiac PET Protocol

Purpose:

To provide a protocol for notification of critical patient test results in a timely fashion to the referring physician.

Definitions of Test Results:

Normal:

A test result that is within the normal variation and does not require follow-up or Notification

Non-critical: A test result that is beyond the normal variation and that:

- a. Is not what is expected due to the patient's current medical state
- b. May be associated with significant potential increase in morbidity and/or mortality in the foreseeable future;
- c. May require follow-up to ensure stability, resolution or further evaluation; and/or
- d. May change the medical management of the patient

Critical:

A test result that is beyond the normal variation with a high probability of a significant increase in morbidity and/or mortality in the near future

Policy:

Normal/Non-critical results shall be dictated, transcribed and faed within 24-48 business
hours. The final copy of the report shall be mailed or otherwise digitally sent to the referring
physician. Upon request by referring physician, results may be given verbally by Elvis over the
phone.

2. Critical results:

- a. The interpreting physician will contact the referring physician immediately to convey the results. If the referring physician is unavailable, results may be given to the physician on call.
- b. A report will be immediately dictated, transcribed and faxed to the referring physician with telephone verification that the report was received
- c. The name of the physician contacted, the person receiving the fax, the date and the time shall be documented in the patient chart.



April 29, 2013 4:20 pm

Cardiac PET Medical Director Job Description

Medical Director must be a licensed physician and be an authorized user of radioisotopes according to NRC or state regulatory agency regulations. The Medical Director also must be an authorized user of nuclear medicine therapies.

Cardiac PET Medical Director Criteria:

- a. Board certified (or Board eligible but within two years of finishing training) in Cardiology and completion of minimum of a four-month formal training program in nuclear cardiology (Level 2 as outlined in the ACC/ASNC COCATS Training Guidelines 2006 revision). This requirement applies only to cardiologists who began their cardiology training in July 1995 or later.
- b. Board certified in cardiology and training equivalent to Level 2 training or at least one year (full-time equivalent of nuclear cardiology practice experience with independent interpretation of at least 800 nuclear cardiology studies. This requirement applies only to cardiologists who began their cardiology training before July 1995.
- c. Certification in nuclear cardiology by the Certification Board of Nuclear Cardiology (CBNC).
 - Board certified (or board eligible but within two years of finishing training) in nuclear medicine
- d. Board certified or board eligible but within two years of finishing training in radiology with at least four months of nuclear cardiology training

OR

Board certified (or board eligible but within two years of finishing training) in radiology with special competence in nuclear medicine

- e. Board certified (or board eligible but within two years of finishing training) in radiology with at least four months of nuclear medicine training with interpretation of at least 800 nuclear medicine procedures
- f. Board certified (or Board eligible but within two years of finishing training) in any other relevant medical specialty recognized by the American Board of Medical Specialists or American Osteopathic Association. At least one year of nuclear cardiology/nuclear medicine/PET practice experience with independent interpretation of at least 800 nuclear cardiology/nuclear medicine and/or PET procedures. If performing nuclear medicine therapies, Independent performance of at least 20 nuclear medicine therapies required.

April 29, 2013 4:20 pm

g. If training before 1995, 10 years of nuclear cardiology, nuclear medicine, and/or PET practice with independent interpretation of at least 800 nuclear cardiology, nuclear medicine and/or Pet studies within the past 10 years of which 200 cases must have been interpreted in the past two years

Cardiac Pet Medical Director Responsibilities

Responsible for all nuclear medicine services provided including quality control (QC), radiation safety, quality of care and appropriateness of care. These responsibilities include but are not limited to:

- a. The Medical Director will assume compliance with all policies/procedures/protocols and will review and update all manuals periodically as necessary (minimum every year) or as new policies are introduced. This review must be documented via signature (or initials) and date on the reviewed document or manual
- b. Active oversight of radiation safety within the facility as evidenced by membership on the institution's radiation safety committee or periodic review of radiation safety issues and documentation (if no radiation safety committee). The Radiation Protection Program content and compliance must be reviewed at least annually. Comment: The Medical Director may delegate, in writing, the supervisor of compliance with the radiation safety standards to the Technical Director or Radiation Safety Officer.
- c. The Medical Director must provide the final interpretation/report of some nuclear medicine procedures for the facility.
 Comment: The Medical Director may supervise the entire operation of the facility or delegate, in writing, specific operations but is responsible for assuring compliance of medical and technical staff to the Standards outlined in this document. Where the Medical Director is not the radiation safety officer, the Medical Director's responsibility regarding radiation safety is to assure compliance with the facility's radiation protection program, as implemented by the radiation safety officer.

Cardiac PET Medical Director Continuing Medical Education (CME) Requirements

The Medical Director must obtain at least 15 hours of AMA Category I CME credits, relevant to nuclear medicine, every three years

<u>Comment</u>: "Relevant" to nuclear medicine includes content that is directly related to the performance or interpretation of nuclear cardiology, nuclear imaging or Interventions used during nuclear testing (such as stress testing) or content that is directly related to one of the IAC Nuclear/PET Standards. This does not include education primarily concerning echocardiography/ultrasound, MRI, CT, cardiac catheterization, general medicine, or the treatment of diseases unless related to the interpretation of nuclear imaging or radionuclide therapies.

<u>Comment</u>: If the Medical Director has successfully attained one or more of the following within the three years prior to the application date, the CME requirement will



April 29, 2013 4:20 pm

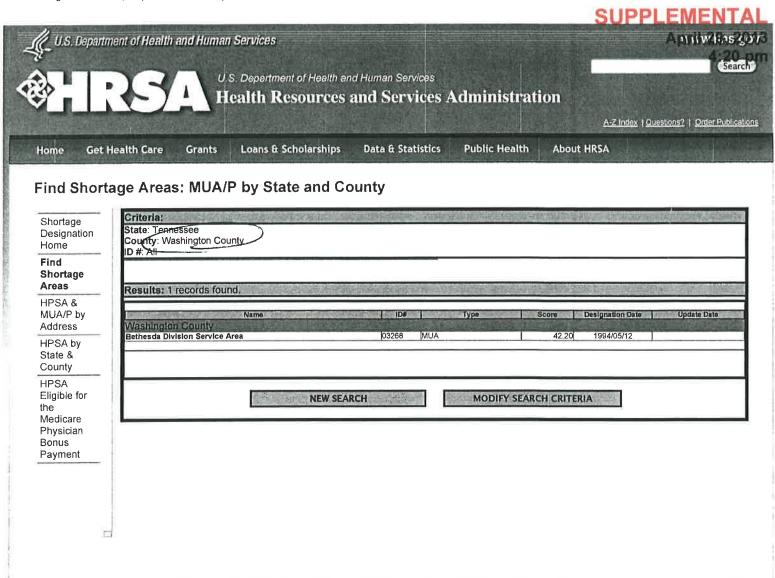
be considered fulfilled: completion of an ACGME approved relevant residency or fellowship; attaining initial certification by a relevant ABMS recognized board; attaining certification by the CBNCN; or re-certification by the American Board of Nuclear Medicine, American Board of Radiology, or CBNC

Documentation of CME credits must be kept on file and available for inspection

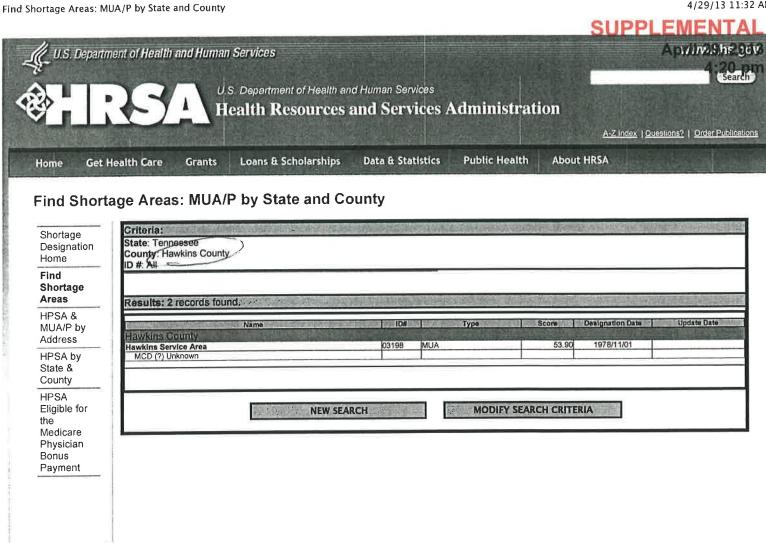
Description of Cardiac PET Clinical Medical Director's General Duties and Responsibilities:

Set forth below is description of the general responsibilities of the Cardiac PET Medical Director:

- Medical oversight, supervision and direction of the operations in his or her respective area on a daily basis
- Managing performance with oversight of clinical quality indicators and key quality/cost initiatives
- · Active participation in budget management
- Performance review for clinical staff
- Maintaining open and honest communication with Wellmont administration, physicians, and staff
- Responsible for the medical administrative management of Cardiac PET testing while optimizing clinical outcomes and patient satisfaction
- Responsible for the medical administrative direction in evaluating supply costs
- Responsible to work with operations management in quality improvement of the services, including development and implementation of a plan to achieve and maintain services, as well as meeting all regulatory requirements (JCAHO, CMS, State Board of Health, etc.)
- Responsible in the management of procedure reports and data storage systems that provide for timely results to providers as well as access to various points of care in the health system
- Responsible for ensuring high quality interpretive services (e.g. oversight/over reads as determined appropriate)



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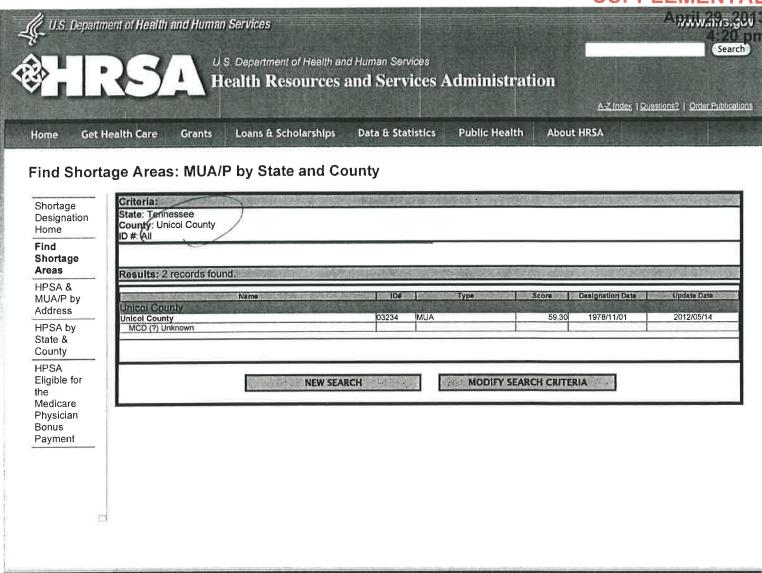
HPSA & MUA/P by Address

HPSA by State & County

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WELLMONT CARDIOLOGY SERVICES CN1304-013

RESPONSES TO CON STANDARDS AND CRITERIA FOR OUTPATIENT DIAGNOSTIC CENTERS (ODC)

4:20 pm

OUTPATIENT DIAGNOSTIC CENTER REVIEW CRITERIA TENNESSEE GUIDELINES FOR GROWTH (2000)

1. The need for outpatient diagnostic <u>services</u> shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

The county where the project is located is Sullivan County. Contiguous to Sullivan County are Hawkins, Washington, Carter, and Johnson Counties. These five are only half of the Tennessee primary service area counties to be served by this project, and none of the Virginia service area counties; so this criterion's methodology for analysis appears to be not useful or logical for evaluating need for this project. The basis for the need for this project has been discussed in several other sections of the application, especially B.II.C. That basis is the actual number of patients currently being seen by the applicant's physicians, patients who are currently in need of the utilization projected for this project.

Moreover, there is no publicly available data on either the number, or the incidence rates, of cardiac PET studies within reported totals of PET studies; so it is not possible to do a population-based projection of need for this service. SPECT data is not useful, because SPECT utilization takes place in physician offices as well as hospitals, and is largely unreported for analysis. Even hospitals report only total nuclear medicine studies rather than SPECT nuclear medicine studies themselves. However, to provide types of information requested in the criterion, the applicant submits the following.

Table ODC-1 below shows these five counties' current (2013) and projected (2017) populations. Table ODC-2 shows the identifiable actual plus potential cardiac PET scans needed by residents of the five counties, according to Joint Annual Reports of the area's only dedicated cardiac PET provider, and projections from WCS records. No information is available on what additional cardiac PET scans might have been provided by other fixed or mobile PET units operating in these five counties, because hospital JAR data does not identify cardiac PET studies separately from oncology or neurology studies.

Table ODC-1	: Actual & Potent	ial Cardiac PET	Scans In Five-County Ar	ea in 2012
County	By Molecular	By HVMC	WCS Unmet Need	Total
Sullivan	40	80	402	522
Carter	119	8	39	166
Hawkins	5	24	120	149
Johnson	21	2	12	35
Washington	330	25	126	481
Total	515	139	699	1,353

Sources: Molecular Imaging Alliance records; HVMC data projected by applying WCS patient origin data to WCS patients who need, but are unable, to obtain the service on the HVMC mobile.

Table ODC-2: Proje	cted Population Change	in Five-County Area
County	2013 Population	2017 Population (% Change)
Sullivan	62,939	64,809
Carter	22,330	23,184
Hawkins	22,457	23,925
Johnson	7,518	7,940
Washington	43,059	45,640
Total	158,303	165,498 (+4.6%)

Source: TDH Population projections Feb. 2008.

2. Approval of outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances which require additional services.

This criterion is met because physical accessibility to this important service in Gray is not adequate currently for WCS cardiologists, and because the service provider is planning to relocate almost twice as far away (20.6 miles vs. 10.6 miles currently), making access completely unfeasible for Kingsport patients who choose to use Kingsport cardiologists. This will leave WCS with only one known option for this service in Kingsport--use of the Wellmont Holston Valley Medical Center mobile PET unit. That unit currently restricts the number of cardiac PET scans that be scheduled. No more than 300 per year can be served. This is less than 17% of the total number of WCS patients that WCS would like to schedule for this test:

300 served + 1,500 unserved = 1,800 total patients needing the study 300 served / 1,800 needing to be served = 16.7% of need being met

To increase its accessibility to Kingsport cardiologists, so that it can serve many more WCS patients who need it, WCS needs to acquire Molecular's second cardiac PET system and move it north into Kingsport.

3. Any special needs and circumstances:

a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

The need addressed by the application is for certain large-body-mass patients in WCS offices (currently 1500 per year) to have access to a cardiac PET scan in place of, or to supplement, the SPECT tests that are their only other option in Kingsport. They cannot do so now, because the region's only cardiac PET in Gray is too far away to allow WCS physicians to routinely go there to supervise their patients' tests. Now that the Gray facility is moving almost twice as far away from Kingsport, and is willing to take with it only one of the two PET units it operates in Gray, it is logical for WCS to acquire the other existing unit and move it to Kingsport to eliminate accessibility issues for a large WCS patient population.

There are no other medical offices, or ODC's, that will be affected by the project. But the project would clearly improve these particular patients' healthcare and the total costs of their care (as explained in Section B.II.B of the application).

b. Other special needs and circumstances which might be pertinent must be analyzed.

No special needs and circumstances have been identified, other those identified above and in other parts of this application.

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.
 - 1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in accordance with accepted medical practice.

April 29, 2013 4:20 pm

The proposed ODC will be located in The Heart Center office building, within a group practice of cardiac care specialists who have admitting privileges at nearby Holston Valley Medical Center. Any of these physicians can send an emergency patient to the hospital Emergency Department, and/or admit the patient. Initial "first responder" emergency care will be provided by physicians and other WCS health professionals on-site, while emergency transport is on its way. No transfer agreement is necessary. If an ODC is required to be formed to offer this service at WCS, that ODC would seek an emergency transfer agreement with Holston Valley Medical Center in Kingsport, just minutes away by ambulance.

Please also see the draft emergency response protocols attached in the next section, in response to Criterion 6d of the PET CON review standards and criteria.

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

Please see the draft protocols attached in the next section, in response to criterion 6d of the PET CON review standards and criteria.

April 29, 2013 4:20 pm

HOME HEALTH AGENCIES - TENNESSEE

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FAA NO.	1-877-242-3290				423-392-5185	423-952-2313	423-968-2209	423-733-2443	423-581-8391	423-727-2134	423-547-2319	865-977-4616		423-626-2086	931-520-0101	731-968-6356	615-754-2740	423-569-4043	731-925-7330	731-645-8086	931-722-7113	423-246-6087			423-928-8770		423-636-2633	423-431-5288	423-392-3519	173 777 0170
PHONE NO.	For Referrals:	423-378-7331	For Patients:	423-378-7331	423-392-5188	423-952-2340	423-968-2004	423-733-2441	423-586-0106	423-727-2130	423-547-2311	865-981-2160		423-626-4272	800-828-5140	800-874-7166	800-342-4030	800-824-6509	800-321-9678	800-248-1744	800-521-7753	423-230-1000	or	800-765-7836	423-928-8771/	423-928-8772	423-787-5030	423-431-6146	423-392-3510	102 707 2050
CITY AND STATE	Kingsport, TN 37664				Kingsport, TN 37664	Johnson City, TN 37601	Bristol, TN 37620	Sneedville, TN 37869	Morristown, TN 37813	Mountain City, TN 37683	Elizabethton, TN 37643	Maryville, TN 37804		Tazewell, TN 37879	Cookville, TN 38501	Lexington, TN 38351	Mt. Juliet, TN 37122	Oneida, TN 37841	Savannah, TN 38372	Selmer, TN 38375	Waynesboro, TN 38485	Kingsport, TN 37660-5863			Gray, TN 37615		Greeneville, TN 37745	Johnson City, TN 37604	Kingsport, TN	Mountain City TN 27692
ADDRESS	105 Jack White Drive				116 Jack White Drive – Suite 4	136 West Springbrook Drive	240 Medical Park Blvd., Suite 1400	169 Harrison Street	1423 West Morris Blvd. – Suite B	203 Forge Creek Road	527 South Sycamore Street	1095 East Lamar Alexander Parkway	The second secon	409 Cawood Lane	316 East Broad Street	20 Hospital Drive	2442 North Mt. Juliet Road, Suite 101	18718 Alberta Avenue	690 Pickwick Street	207 Canal Street	408 Highway 64E	2004 American Way, Suite 121			127 Bobfitz Road - Suite 6		1420 Tusculum Boulevard	101 Med Tech Parkway – Suite 100	20 Brookside Drive	1001 a 1 al al. at.
AGENCY NAME	*Advanced Home Care – Affiliate	of Wellmont Health System (JD)			*Amedisys							*Blount Memorial Home Health &	Hospice	*Claiborne Home Health	*Deaconess Home Care							*Gentiva Home Health			Interim Health Care of East TN		Laughlin Home Health	*Medical Center Home Care	Services and Hospice	

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April 29_x2013 4:20 pm

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FAX NO.	423-434-0501	423-434-5149	423-767-1143	423-623-8311	423-581-8131	865-673-5854	423-626-2086	423-626-2086	877-242-3290	615-661-4741									
PHONE NO.	423-434-0163	800-772-1978	9008-117-000	423-623-8000	423-581-8141	865-673-5877	866-547-6519	866-547-6519	423-783-6501	800-793-3684 615-371-0433									
CITY AND STATE	Johnson City, TN 37604	Johnson City, TN 37601	Greeneville TN 37744	Newport, TN 37822	Morristown, TN	Knoxville, TN	Kingsport, TN 37664	Tazewell, TN 37879	Greeneville, TN 37743	Brentwood, TN 37027									
ADDRESS	709 Med Tech Parkway – Suite 2	9 Worth Circle – Suite 100	P O Roy 075	P.O. Box 754		(Hospice Only)	1880 North Eastman Road – Suite 110	409 Ceawood Road	1012 Coolidge Street	7100 Commerce Way, Suite 285									
AGENCY NAME	NHC Home Care	Pro Care Home Health Services	*Smoky Mountain Home Health	And Hospice, Inc.			Suncrest Healthcare		Takoma Regional Home Health - Affiliate of Wellmont Health System	Windsor Home Care Network									

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April 29_∽2013 4:20 pm

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*Advanced Home Care – Affiliate of Wellmont Health System	Clover Leaf Square, Bldg. G	Big Stone Gap, VA 24219	276-619-2532	877-242-3290
*Amedisys Home Health	372 Technology Trail Lane, Suite 103	Duffield, VA 24244 Abingdon, VA 24210	866-275-6892	276-431-1544
Bristol Home Health Services, Inc.	29 Lancaster Street	Bristol, VA 24201	276-466-4939 800-308-2273	276-466-2278
*Buchanan General Hospital Home Health Agency	1535 Slate Creek Road	Grundy, VA 24614	276-935-1509	276-935-1512
*Circle Home Care	245 Holston Rd., Ste. A	Wytheville, VA 24382	800-309-9843 276-228-2051	276-228-5542
Dickenson County Home Health & Hospice, Inc.	P.O. Box 1187	Clintwood, VA 24228	276-926-6600	276-926-6783
First Choice Home Health Care, Inc.	46-7 th Street, P.O. Box 589	Norton, VA 24273	276-679-7404 800-876-4394	276-679-5986
Healing Hands Home Health, Inc.	P.O. Box 2545	Grundy, VA 24614	276-935-6400	276-935-6406
Home Nursing Services of SW VA, Inc. (Servicing the following counties: Washington, Russell.	611 Campus Drive	Abingdon, VA 24210	276-628-2666	276-623-4276
Smyth, Wythe, Wise, Grayson and the city of Bristol, Va.)				
*Home Nursing Co., Inc.	P.O. Box 669	Lebanon, VA 24266	800-344-2668	276-889-0403
	2415 Dickenson Highway	Clintwood, VA 24228	866-926-4820	276-926-6030
	1209 East Lee Highway	Chilhowie, VA 24319	800-851-0175	276-646-2871
	1330 Second Street	Richlands, VA 24641	800-821-6609	276-964-6398
Independent Home Health Care	P.O. Box 1970	Coeburn, VA 24230	800-413-3756	276-395-3357
•	P.O. Box 552	Jonesville, VA 24263	877-216-8912	276-346-4421
	P.O. Box 830	Rosedale, VA 24280	888-354-0137	276-880-1213
	P.O. Box 2166	Gate City, VA 24290	800-718-9372	276-386-9170
*Intrepid Home Health Services	P.O. Box 2166	Abingdon, VA 24212	276-623-0665	276-623-0885

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*Lee Regional Medical Center *Lee Regional Medical Center Mountain Region Home Health and Personal Care *Mountain View Regional Home *Norton Community Hospital Home Health *Russell County Medical Center *Total Home Care & Hospice *Total Home Care & Hospice *Total Home Care & Hospice *Total Home Health Inc. *Total Home Health Inc. *Total Home Health Inc. *Total Home Care & Hospice *Total Home Care & Hospi	Avenue - Suite 20 Box 14A st od Lane venue 00 eet	Wise, VA 24293 Pennington Gap, VA 24277 Duffield, VA 24244 Jonesville, VA 24263 Wise, VA 24293 Wise, VA 24293 Richlands, VA 24641 Bluefield, VA 24605	276-328-9340 800-290-2538 276-431-1440 276-346-2784 276-679-9130 276-328-9236 877-330-8533 866-324-1923 276-596-9536	276-328-9343 276-546-3785 276-431-1442 276-346-2785 877-242-3290 276-328-9262 276-963-4747
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ices, P.O. Box 399 2007 Leatherwood P.O. Box 418 ter 116 Flanagan Ave Or P.O. Box 3600 1152 Snyder Stree 470 East Main Str 616 Wood Avenus 106 Westwood Co P.O. Box 1380 P.O. Box 1380 P.O. Box 937 C. 524 West Main St.	od Lane venue 00	Richlands, VA 24641 Bluefield, VA 24605	877-330-8533 866-324-1923 276-596-9536	276-963-4747
2007 Leatherwood P.O. Box 418 ter 116 Flanagan Ave Or P.O. Box 3600 1152 Snyder Stree 470 East Main Stre 616 Wood Avenue 106 Westwood Co P.O. Box 1380 P.O. Box 524 West Main St. c. 524 West Main St.	od Lane venue 00 eet	Bluefield, VA 24605	866-324-1923 276-596-9536	176-200-3760
ter 116 Flanagan Ave Or P.O. Box 418 Or P.O. Box 3600 1152 Snyder Stree 470 East Main Str 616 Wood Avenue 106 Westwood Co P.O. Box 1380 P.O. Box 1380 P.O. Box 661 P.O. Box 937 c. 524 West Main St.	venue 00 eet		276-596-9536	FU1C-77C-017
ter 116 Flanagan Ave Or P.O. Box 3600 1152 Snyder Stree 470 East Main Str 616 Wood Avenue 106 Westwood Co P.O. Box 1380 P.O. Box 1380 P.O. Box 937 c. 524 West Main St.	venue 00 eet	Richlands, VA 24641	0707 100	276-596-9538
Or P.O. Box 3600 1152 Snyder Stree 470 East Main Str 616 Wood Avenue 106 Westwood Co P.O. Box 1380 P.O. Box 524 West Main St. c. 524 West Main St.	00 eet	Lebanon, VA 24266	800-624-6362	276-883-8495
1152 Snyder Stree 470 East Main Str 616 Wood Avenue 106 Westwood Co P.O. Box 1380 P.O. Box 661 P.O. Box 937 c. 524 West Main St.	eet		276-883-8484	
470 East Main Str 616 Wood Avenue 106 Westwood Co P.O. Box 1380 P.O. Box 661 P.O. Box 937 c. 524 West Main St.		Marion, VA 24354	800-782-9695	276-782-9886
616 Wood Avenue 106 Westwood Co P.O. Box 1380 P.O. Box 661 P.O. Box 937 524 West Main St.	treet	Abingdon, VA 24210	276-623-8330	276-623-1406
106 Westwood Co P.O. Box 1380 P.O. Box 661 P.O. Box 937 524 West Main St.	ue West	Big Stone Gap, VA 24219	276-523-4515	276-523-4518
P.O. Box 1380 P.O. Box 661 P.O. Box 937 524 West Main St.	Commons	Bluefield, VA 24605	276-322-2599	276-322-2675
P.O. Box 661 P.O. Box 937 524 West Main St.		Clintwood, VA 24228	276-926-8095	276-926-8096
P.O. Box 937 524 West Main St.		Grundy, VA 24614	276-935-7557	276-935-4274
524 West Main St.		Richlands, VA 24641	276-963-9899	276-964-4204
	St., Suite 3	Wise, VA 24293	877-328-7066	276-328-7065
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2013, 2013 4:20 pm

HOME EQUIPMENT (DME) – TENNESSEE

AGENCY NAME	ADDRESS	CITY AND STATE	PHONE NO.	FAX NO.
*Advanced Home Care – Affiliate	951 Highway 126	Bristol, TN 37620	423-844-6241	877-242-3290
or wellmont Health System				
*American Homepatient (JD)	4105 Fort Henry Drive – Suite 205	Kingsport, TN 37660	423-247-4032	423-247-2774
	4156 Bristol Highway	Johnson City, TN 37601	800-765-0304	423-282-0420
*APRIA Health Care (JD)	2021 Brookside Lane	Kingsport, TN 37660	423-247-4277	423-247-3215
	1075 Martha Glass Drive	Jefferson City, TN 37760	423-586-5264	865-475-6119
	1828 Midpark Road - Suite A	Knoxville, TN 37921	800-264-7003	865-588-5317
Care Med	101 East Unaka Ave. – Suite 3	Johnson City, TN 37601	423-283-4364	423-283-4714
Cole's Medical Services	313 Princeton Road, Suite 6	Johnson City, TN 37601	423-929-3232	423-929-3231
Coram	1828 Midpark Drive, Suite A	Knoxville, TN 37921	888-440-3028	865-450-2385
Isoninetics, Inc.	P.O. Box 21	Dequeen, Arkansas 71832	888-421-4735	888-633-9791
Medi-Home Care	2811 West Market Street, Suite 3	Johnson City, TN 37604	423-928-6519	423-928-4717
*Mediserve Medical Equipment, Inc. (JD)	1183 Spratlin Park Drive	Gray, TN 37615	423-477-9806	423-477-3571
*Resp-I-Care Home Medical	3254 West State Street	Bristol, TN 37620	423-968-3310	423-968-3714
Services (JD)	648 Eastern Star Road	Kingsport, TN 37663	423-349-9000	423-349-9005
	4462 Western Avenue	Knoxville, TN 37921	865-558-8787	865-523-5565
			or	
			800-537-6673	
,			800-338-1152	
T&T Technology	P.O. Box 41332	Raleigh, NC 27629	Extension 382	919-954-0834
*United Medical	935 Wilcox Court, Ste. 120	Kingsport, TN 37660	423-246-7773	423-246-5284
	130 rearce Drive	Morristown, IN 3/814	473-28/-0941	473-28-9964
Windsor Home Care Network	7100 Commerce Way, Ste. 285	Brentwood, TN 37027	800-793-3684	615-661-4741

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April 29,2013 4:20 pm

HOME EQUIPMENT (DME) - VIRGINIA

*Advanced Home Care – Affiliate 105 Jack White Drive Kingsport, TN 37 *Advanced Home Care – Affiliate 105 Fort Henry Drive – Suite 205 Kingsport, TN 37 *Advancan Health System *Community Home Care Services 2013 Second St., P.O. Box 1467 Richlands, VA 24 *Cooley Medical Equipment 613 Park Avenue SW Norton, VA 2427 Dickenson County Home Medical P.O. Box 829 Marion, VA 2435 Bentals, Inc. ELLIS Home Oxygen & Medical P.O. Box 829 Marion, VA 2435 Equipment 10. Box 829 Marion, VA 2429 Abingdon, VA 2429 *Friendship Home Medical 560 West Main Street Big Stone Gap, VA 24293 *Friendship Home Care, Inc. P.O. Box 2410 Wise, VA 24293 *Isokinetics, Inc. P.O. Box 21 Dequeen, Arkanas Lincare (JD) 180 Shady Elm Lane Weber City, Virgin Medi Home Care 1747 Riverside Drive – Suite A Vanzant, Virginia Suupplies inc. 1747 Riverside Drive – Suite A Vanzant, Virginia Suupplies inc. 1747 Riverside Drive – Suite A Vanzant, Virginia *United Medical 1794 East Main Street L	AGENCY NAME	ADDRESS	CITY AND STATE	PHONE NO.	FAX NO.
m 4105 Fort Henry Drive – Suite 205 services 2013 Second St., P.O. Box 1467 at 613 Park Avenue SW Medical P.O. Box 910 Aedical P.O. Box 829 Second St., P.O. Box 1467 Medical P.O. Box 829 Second St., P.O. Box 1467 Aedical P.O. Box 29 Solo West Main Street 6 East 19 th Street P.O. Box 2410 201 Nottingham Avenue P.O. Box 21 180 Shady Elm Lane 180 Shady Elm Lane 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A 1794 East Main Street 1794 East Main Street		35 Jack White Drive	Kingsport, TN 37664	423-378-7330	877-242-3290
activities 2013 Second St., P.O. Box 1467 at 613 Park Avenue SW Medical P.O. Box 910 Aedical P.O. Box 829 Second St., P.O. Box 1467 Medical P.O. Box 829 Second St., P.O. Box 1467 Aedical P.O. Box 829 Second St. 19 th Street B.O. Box 2410 201 Nottingham Avenue P.O. Box 2410 201 Nottingham Avenue P.O. Box 21 180 Shady Elm Lane And 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A 1794 East Main Street 1794 East Main Street					
ervices 2013 Second St., P.O. Box 1467 613 Park Avenue SW Medical P.O. Box 910 Aedical P.O. Box 829 560 West Main Street 6 East 19 th Street P.O. Box 2410 201 Nottingham Avenue P.O. Box 21 180 Shady Elm Lane and 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A ry and 282 West Gate Mail Circle 1794 East Main Street		105 Fort Henry Drive – Suite 205	Kingsport, TN 37663	423-247-4032	423-247-2774
Medical P.O. Box 910 Medical P.O. Box 829 fedical P.O. Box 829 560 West Main Street 6 East 19 th Street P.O. Box 2410 201 Nottingham Avenue P.O. Box 21 180 Shady Elm Lane 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A ry and 282 West Gate Mail Circle 1794 East Main Street			Richlands, VA 24641	800-965-7448	276-963-3549
Medical P.O. Box 910 Aedical P.O. Box 829 560 West Main Street 6 East 19 th Street P.O. Box 2410 201 Nottingham Avenue P.O. Box 21 180 Shady Elm Lane att and 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A ry and 282 West Gate Mall Circle 1794 East Main Street		13 Park Avenue SW	Norton, VA 24273	800-660-0246	276-679-8351
Aedical P.O. Box 829 560 West Main Street 6 East 19 th Street P.O. Box 2410 201 Nottingham Avenue P.O. Box 21 180 Shady Elm Lane 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A ry and 282 West Gate Mall Circle 1794 East Main Street	ounty Home Medical	O. Box 910	Clintwood, VA 24228	276-926-8899	276-926-6136
560 West Main Street 6 East 19 th Street P.O. Box 2410 201 Nottingham Avenue P.O. Box 21 180 Shady Elm Lane 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A cy and 282 West Gate Mall Circle 1794 East Main Street		O. Box 829	Marion, VA 24354	800-347-6869	276-783-3357
560 West Main Street 6 East 19 th Street P.O. Box 2410 201 Noftingham Avenue P.O. Box 21 180 Shady Elm Lane 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A cy and 282 West Gate Mall Circle 1794 East Main Street					
6 East 19 th Street P.O. Box 2410 201 Nottingham Avenue P.O. Box 21 180 Shady Elm Lane 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A 282 West Gate Mall Circle 1794 East Main Street		50 West Main Street	Abingdon, VA 24210	800-776-9112	276-628-4570
P.O. Box 2410 201 Nottingham Avenue P.O. Box 21 180 Shady Elm Lane 180 Shady Elm Lane 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A 282 West Gate Mall Circle 1794 East Main Street		East 19 th Street	Big Stone Gap, VA 24219	276-523-6158	276-523-4302
201 Nottingham Avenue P.O. Box 21 180 Shady Elm Lane 180 Shady Elm Lane 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A 282 West Gate Mall Circle 1794 East Main Street		O. Box 2410	Wise, VA 24293	276-328-2500	276-328-3117
P.O. Box 21 180 Shady Elm Lane 180 Shady Elm Lane 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A 282 West Gate Mall Circle 1794 East Main Street		11 Nottingham Avenue	Wise, VA 24293	276-328-9340	276-328-9343
180 Shady Elm Lane al Equipment and 611 Campus Drive Suite 400 1747 Riverside Drive – Suite A 282 West Gate Mall Circle 1794 East Main Street		O. Box 21	Dequeen, Arkanasas 71832	888-421-4735	888-633-9791
suite 400 Suite 400 1747 Riverside Drive – Suite A 1747 Riverside Drive – Suite A 282 West Gate Mall Circle 1794 East Main Street		80 Shady Elm Lane	Weber City, Virginia 24290	276-386-3626	276-386-3761
re 1747 Riverside Drive – Suite A Respiratory and 282 West Gate Mall Circle 1794 East Main Street		11 Campus Drive			
Respiratory and 282 West Gate Mall Circle 1794 East Main Street		nite 400	Abingdon, Virginia 24210	276-623-4260	276-623-4262
Respiratory and 282 West Gate Mall Circle 1794 East Main Street		747 Riverside Drive – Suite A	Vanzant, Virginia 24656	276-935-8873	276-935-6343
282 West Gate Mail Circle 1794 East Main Street	Respiratory and				
1794 East Main Street Lebanon, VA		32 West Gate Mall Circle		276-546-2050	276-546-6030
		794 East Main Street	Lebanon, VA 24266	276-889-3108	276-889-3119

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	HOSPICE AGENCIES - TENNESSEE	TENNESSEE		
AGENCY NAME	ADDRESS	CITY AND STATE	PHONE NO.	FAX NO.
*Wellmont Hospice	280 Steele's Road	Bristol, TN 37620	423-844-5252	423-844-6379
*Adventa Hospice	167 Hudson Drive	Elizabethton, TN 37643	423-547-0852	423-543-6449
(Inpatient @ Asbury-Baysmont, Brookhaven Hillside Anderson	1423 West Morris Blvd. – Suite C	Morristown, TN 37814	423-587-9484	423-587-9408
Healthcare)				•
*Medical Center Home Care	101 Med Tech Parkway – Suite 100	Johnson City, TN 37604	423-431-6146	423-431-5288
Services and Hospice	2020 Brookside Drive – Suite 28	Kingsport, TN 37660	423-392-3510	423-392-3519
		Mountain City, TN	423-727-3250	423-727-9170
*Smoky Mountain Home Health	P.O. Box 925	Greenville, TN 37744	423-636-8006	423-636-8193
and Hospice, Inc.	P.O. Box 754	Newport, TN 37822	423-623-0233	423-623-8311
	106 Ferrell Avenue – Suite 1	Kingsport, TN 37663	423-246-1005	423-239-9531
			800-358-7844	
	506 west Moms Blvd.	Morristown, TN 37813	423-581-8146	423-581-8131
Windsor Home Care Network	7100 Commerce Way, Ste. 285	Brentwood, TN 37027	800-793-3684	615-661-4741

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AGENCY NAME	ADDRESS	CITY AND STATE	PHONE NO.	FAX NO.
*Home Nursing Co., Inc.	P.O. Box 669	Lebanon, VA 24266	800-344-2668	276-889-0403
	2415 Dickenson Highway	Clintwood, VA 24228	866-926-4820	276-926-6030
	1209 East Lee Highway	Chilhowie, VA 24319	800-851-0175	276-646-2871
	1330 Second Street	Richlands, VA 24641	800-851-6609	276-964-6398
Hometown Hospice	611 Campus Drive – Suite 700	Abingdon, VA 24210	276-646-2373	276-623-4276
Hospice and Palliative Care	P.O. Box 349	Norton, VA 24273	800-438-9484	276-679-7245
Hospice of Southwest Virginia	600 West Ridge Road	Wytheville, VA 24382	800-704-0653	276-228-1719
Preferred Hospice	1963 Second Street	Richlands, VA 24641	866-596-9181	276-596-9182
Russell County Medical Center	P.O. Box 3600	Lebanon, VA 24266	276-883-8484	276-883-8495
Hospice				
Special Care Hospice & Home				
Health, Inc.	P.O. Box 268	Grundy, VA 24614	877-777-4917	276-935-6633
Total Home Care & Hospice	P.O. Box 937	Richlands, VA 24641	276-963-9899	276-964-6372
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HOME INFUSION AGENCIES – TENNESSEE

AGENCY NAME	ADDRESS	CITY AND STATE	PHONE NO.	FAX NO.
*Apria Healthcare	2021 Brookside Drive	Kingsport, TN 37660	423-247-4277	888-492-0010
*Coram	1828 Midpark Road – Suite A	Knoxville, TN 37921	888-440-3028	866-436-8372
*Gentiva Health Services	2004 American Way, Ste. 121	Kingsport, TN 37660	423-230-1000	423-246-6087
Infusion Partners	1410 Donelson Pike, Ste. B10	Nashville, TN 37217	800-877-4900	615-846-0384
*Medical Center Home Care Services	101 Med Tech Parkway, Ste. 100	Johnson City, TN 37604	800-327-5447	423-431-5288
Wilson Pharmacy Home Infusion Division	525 North State of Franklin Road	Johnson City, TN 37603	423-926-6154	423-232-9875
Windsor Home Care Network	7100 Commerce Way, Ste. 285	Brentwood, TN 37027	800-793-3684	615-661-4741

HOME INFUSION AGENCIES - VIRGINIA

AGENCY NAME	ADDRESS	CITY AND STATE	PHONE NO.	FAX NO.
Bristol Home Infusion	18377 Westinghouse Road	Abingdon, VA 24210	888-702-3017	866-676-2095
Home IV Care and Nutritional	30 Ebco Circle –Suite 102	Waynesboro, VA 22980	800-552-6576	800-277-7455
Services	P.O. Box 700	Stewarts Draft, VA 24477	800-552-6576	800-277-7455
*Horizon Healthcare Management	185 Stafford Umberger Drive	Wytheville, VA 24382	800-220-9292	800-250-3212
Independent Home Health Care	P.O. Box 1970	Coeburn, VA 24230	800-413-3756	276-395-3357
	P.O. Box 830	Rosedale, VA 24280	888-354-0137	276-880-1213
Vital Care of SW Virginia	P.O. Box 269	Cedar Bluff, VA 24609	276-964-0555	276-964-2999

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April 29, <u>2</u>013 4:20 pm

HOME HEALTH AGENCIES - WEST VIRGINIA/KENTUCKY/NORTH CAROLINA

Tome	ray 105	Spruce Pine, NC 28777	800-895-5983	000 775 0111
ict Home			1010-010-000	828-703-8111
ict Home		Boone, NC 28607	828-262-5656	828-262-0480
rict Home		Beckley, West Va 25801	304-255-3373	304-255-3393
ct Home		Pikeville, KY 41501	606-437-0060	606-437-0058
ct Home	ıl Road	Whitesburg, KY 41858	606-633-3578	606-633-3675
ct Home	155 Furman Road, Suite 201	Boone, NC 28607	828-266-1166	7
Ноше	al Avenue	Ashland, KY 41101	606-329-1890	606-329-0018
		McKee, KY 40447	606-287-8437	606-287-8438
LAIGHUCH CAIG HOME HEARM N. 2, DOA 102		Bluefield, West VA 24701	304-325-0066	304-325-0077
Services 145 George Street	Street	Beckley, West VA 25801	304-253-2273	304-256-6359
*Family Home Health Care South P.O. Box 236		Middlesboro, KY 40965	606-248-1062	606-248-1224
*Gentiva Home Health 513 Cherry Street	Street	Bluefield, West VA 24701	304-325-3378	304-324-7087
Harlan ARH Home Health 81 Ball Park Road		Harlan, KY 40831	606-573-8265	606-573-8129
Home Care Health Services and P.O. Box 3457		Pikeville, KY 41502	606-432-2111	606-437-1000
Hospice of Pike County 1414 South Mayo	Trail			
		Statesville, NC 28687-5789	704-872-6552	704-873-2694
*King's Daughters' Medical Center 10733 Midland Trail Home Health	and Trail	Ashland, KY 41102	606-329-2000	606-408-2755
Medi-Home Care 180 Town M	Road - Suite 114	Pikeville, KY 41501	606-437-9992	606-437-9470
1049 Central Avenue		S Williamson, KY 41503	606-237-1007	606-237-6677
Hospice of the Bluegrass P.O. Box 189 Mountain Heritage		Harlan, KY 40831	606-573-6111	606-573-7964
Mountain Medical Equipment, P.O. Box 1115		Whitesburg, KY 41858	606-632-3553	606-632-3550
Inc.				
Pikeville Medical Center Home 911 Bypass Road		Pikeville, KY 41501	606-218-4570	606-218-4587
Health Agency				

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April 29, 2013 4:20 pm

AGENCIES PROVIDING PRIVATE DUTY CARE

These agencies, as well as others, are listed in the yellow pages of the phone book. They have advertised they provide private duty services. You may wish to check your local phone directories for additional listings and to verify the phone numbers of agencies on this list. Any arrangements for care are made between you and the staff at the agency.

It is not customary for a hospital Case Manager to become involved in arrangements for private duty personal care in your home due to the fact that this person(s) may be living in your home and you would need to verify credentials and compatibility with you and your family.

Aid & Assist At Home, Inc.	423-764-5000
AllCare Health Services	423-517-0048
Bright Star	423-989-7827
Care Central Inc.	423-288-7969
Comfort Keepers	423-246-0100
Devoted In-Home Health Service	423-349-1109
Gentiva Health Service*	423-230-1000
Home Instead Senior Care*	423-247-0116
In-Home Care Services	423-245-1065
Interim Health Care of East Tennessee (Gray)	423-928-8771 OR 423-587-8771 (Morristown)
Loving In-Home Care, Inc.	423-378-8272
Maxim	866-492-3728 (Serves Virginia and SW Virginia)
Mountain Region Personal Care	276-431-1440
ProCare	800-772-1978
Visiting Angels	423-207-0241

^{*}Custodial nursing care under the Kodak Extended Health Care Plan (Agency Kodak 6000) Call: 1-866-308-4576 for assistance with the Kodak benefit.

Coverage is at 80% and subject to an annual deductible of \$250, 20% co-payment. There is a \$6,000 lifetime maximum per member.

Services must be rendered by an RN, LPN or Nurses Aide, Nurse Technician, or Home Health Aide who is employed by a Medicare approved agency.

(Updated 05/22/12)

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April 29, 2013 4:20 pm

NURSING HOMES IN GREATER KINGSPORT AREA

AGENCY NAME	SNFOR	ADDRESSES	CITY AND	PHONE	FAX
	ICF		STATE	NUMBER	NUMBER
Asbury at Baysmont	ICF	100 Netherland Lane	Kingsport, TN 37660	423-245-0360	423-245-8957
Church Hill Health Care	Both	701 West Main Blvd.	Church Hill, TN 37642	423-357-7178	423-357-2519
Greystone Health Care	Both	181 Dunlap Road	Blountville, TN 37617	423-323-7112	423-323-8512
Lifecare Center of Gray	Both	791 Old Gray Station Road	Gray, TN 37615	423-477-7146	423-477-2311
Holston Manor	Both	3641 Memorial Blvd.	Kingsport, TN 37664	423-246-2411	423-246-4803
Brookhaven Manor	Both	2035 Stonebrook Place	Kingsport, TN 37660	423-246-8934	423-578-8335
Wexford House	Both	2421 John B. Dennis Highway	Kingsport, TN 37660	423-288-3988	423-723-1260

Org. 11/98 Rev. 12/11

April 29, 2013 4:20 pm

NURSING HOMES IN BRISTOL, ELIZABETHTON, GREENVILLE, JOHNSON CITY, MORRISTOWN AND ROGERSVILLE AREAS

AGENCY NAME	SNF OR	ADDRESSES	CITY AND STATE	PHONE	FAX
	ICF			NUMBER	NUMBER
Appalachian Christian Village	Both	2012 Sherwood Drive	Johnson City, TN 37601	423-232-8200	423-926-8434
Asbury Place at Johnson City	Both	400 North Boone Street	Johnson City, TN 37604	423-929-1161	423-794-4321
Bristol Nursing Home	ICF	261 North Street	Bristol, TN 37620	423-764-6151	423-764-6155
Cambridge House	Both	250 Bellbrook Road	Bristol, TN 37620	423-968-4123	423-968-2197
Greeneville Care and Rehab Center	Both	106 Holt Court	Greeneville, TN 37743	423-639-0213	423-638-4511
Hancock Manor	ICF	324 East Main Street	Sneedville, TN 37869	423-733-4783	423-733-2944
Hawkins County Memorial Hosnital (Swing Beds)	SNF	851 Locust Street	Rogersville, TN 37857	423-272-2671	423-921-7090
Heritage Center	Both	1036 McFarland	Morristown, TN 37814	423-581-5100	423-587-4649
Hermitage Health Center	ICF	1633 Hillview	Elizabethton, TN 37643	423-543-2571	423-543-0329
Ivy Hall Nursing Home	ICF	301 Watauga Avenue	Elizabethton, TN 37643	423-547-3840	423-542-9311
Jefferson City Health and Rehab	Both	283 West Broadway Blvd.	Jefferson City, TN 37760	865-475-9037	865-475-5386
John Reed Home	ICF	124 John M. Reed Road	Limestone, TN 37681	423-257-6122	423-257-2609
K.D.M. Durham Hensley	ICF	55 Nursing Home Road	Chuckey, TN 37641	423-257-6761	423-257-4936
Lakebridge Health Care Center	Both	115 Woodlawn Drive	Elizabethton, TN 37604	423-975-0095	423-928-0358
Life Care Center of Elizabethton	Both	1641 Highway 19E	Elizabethton, TN 37643	423-542-4133	423-542-3874
Life Care Center of Greeneville	Both	725 Crum Street	Greeneville, TN 37743	423-639-8131	423-639-4742
Life Care Center of Jefferson City	Both	336 West Old Andrew Johnson Highway	Jefferson City, TN 37760	865-475-6097	865-475-5236
Life Care of Morristown	Both	501 West Economy Road	Morristown, TN 37814	423-581-5435	423-581-6199
NHC/Johnson City	Both	3209 Bristol Highway	Johnson City, TN 37601	423-282-3311	888-363-9566
Rogersville Care and Rehab	Both	109 Highway 70 North	Rogersville, TN 37857	423-272-3099	423-272-6591

Org. 11/98 Rev. 12/11

April 29, 2013 4:20 pm

NURSING HOMES IN BUCHANAN, LEE, RUSSELL, SCOTT, SMYTHE, TAZEWELL AND WASHINGTON COUNTY AREAS AND NORTH CAROLINA

AGENCY NAME	SNF OR	ADDRESSES	CITY AND	PHONE	FAX
	ICF		STATE	NUMBER	NUMBER
Brian Center Health and Rehab	Both	105 Clonce Street	Weber City, VA 24290	276-386-9444	276-386-6113
Francis Marion Manor	Both	100 Francis Marion Lane	Marion, VA 24354	276-782-1396	276-782-1384
Grace Health Care	Both	600 Walden Road	Abingdon, VA 24210	276-628-2111	276-628-8848
Heritage Hall of Big Stone Gap	Both	2045 Valley View Drive	Big Stone Gap, VA	276-523-3000	276-523-0531
Heritage Hall of Clintwood	Both	Route 607	Clintwood, VA 24228	276-926-4693	276-926-9128
Heritage Hall of Grundy	Both	Route 5 Box 104	Grundy, VA 24614	276-935-8144	276-935-2316
Heritage Hall of Tazewell	Both	121 Ben Bolt Avenue	Tazewell, VA 24651	276-988-2515	276-988-5468
Maple Grove	Both	318 East Main Street	Lebanon, VA 24266	276-889-0733	276-889-5443
Margate Health and Rehab	Both	P.O. Box 909	Jefferson, NC 28640	336-246-5581	336-246-5997
NHC Healthcare	Both	245 North Street	Bristol, VA 24201	276-669-4711	276-644-5133
Ridgecrest Manor	Both	P.O. Box 280	Duffield, VA 24244	276-431-2841	276-431-2345
Valley Health Care	Both	P.O. Box 748	Chilhowie, VA 24319	276-646-8911	276-646-8824

Org. 11/98 Rev. 12/11

April 29, 2013 4:20 pm

AFFIDAVIT

2013 APR 29 PM 4 20

STATE OF TENNESSEE
COUNTY OF DAVIDSON

NAME OF FACILITY:
Will mont Cardi 6 lexy Suras OTX / PET
**
I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent
thereof, that I have reviewed all of the supplemental information submitted herewith,
and that it is true, accurate, and complete to the best of my knowledge.
Signature/Title
aC 10 10 17
Sworn to and subscribed before me, a Notary Public, this the 29 day of APPLC, 20 13, witness my hand at office in the County of PAIDS , State of Tennessee.
NOTARY PUBLIC
My commission expires
HF-0043
My commission expires
COUNT

Copy

Extra additional information for Supplemental #1

Wellmont Cardiology Services

CN1304-013

April 30, 2013 3:47 5m

DSG Development Support Group

2013 APR 30 PM 3 41

April 30, 2013

Phillip M. Earhart, Health Planner III Tennessee Health Services and Development Agency 161 Rosa L. Parks Boulevard Nashville, Tennessee 37203

RE:

CON Application CN1304-013

Wellmont Cardiology Services, Inc.

Dear Mr. Earhart:

This letter is to provide one additional response to your recent letter requesting supplemental information on the subject project.

8. Section C, Need, Item 1. (Project-Specific Criteria: PET Scanners)
The proposed project is changing ownership, proposed service area and location. Please address the revised and Updated standards for Positron Emission Tomography (PET) services found in the State Health Plan.

In the applicant's April 29 response to the PET criteria, response to criterion 6d (medical necessity) directed the reviewer's attention to an attached protocol, which was labeled "Critical Results Policy--Cardiac PET Protocol."

We noticed that the submitted draft protocol was not the correct one; it did not address criterion 6d. I am attaching a Wellmont draft protocol specific to ensuring the medical necessity of PET procedures, to address PET criterion 6d.

Sincerely,

John Wellborn

Consultant

April 30, 2013 3:47 5m

2013 APR 30 PM 3 41

Medical Necessity Policy--Cardiac PET Protocol

The following draft protocol is proposed to ensure that procedures that are ordered are medically necessary.

Purpose:

To provide for quality assurance with respect to medical necessity for cardiac PET examinations.

Protocol:

- 1. All requests for cardiac PET procedures must be in compliance with current Appropriate Use Criteria for PET and SPECT studies, published jointly and periodically updated by the American College of Cardiology and the American Society of Nuclear Cardiology.
- 2. No cardiac PET procedure will be completed without a written request from a WCS physician.
- 3. If the Clinical Director of the PET service has any concerns about the appropriateness of a PET study that has been requested, he or she shall contact the Medical Director for Cardiac PET, who will, if appropriate, contact the referring physician for discussion and confirmation of necessity, before performing the requested procedure.
- 4. Data will be kept and analyzed on a semiannual basis for each ordering provider, and timely feedback given to all providers, so that any concerns about PET utilization at WCS can be addressed.

April 30, 2013 3:47 5m

2013 APR 30 PM 3 41

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:
WELLMONT CARDIOLOGY SERVICES - KINGSPORT
I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawf agent of the applicant named in this Certificate of Need application or the lawful age thereof, that I have reviewed all of the supplemental information submitted herewit
and that it is true, accurate, and complete to the best of my knowledge.
Signature/Title
Signature/Title
Sworn to and subscribed before me, a Notary Public, this the 36 day of ARC, 2013 witness my hand at office in the County of ARC, 2013
200
NOTARY PUBLIC
My commission expires $\left(-1\right)$ - 2017.

HF-0043

Revised 7/02



A Registered Limited Liability Partnership

Attorneys At Law

Established 1916

www.hsdlaw.com

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> Gate City, Virginia 197 West Jackson Street P.O. Box 669 Gate City, VA 24251 Phone (276) 690-2233 Fax (276) 386-2377

PLEASE RESPOND TO: KINGSPORT OFFICE

April 29, 2013

State of Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Blvd. Nashville, TN 37243

Re: Wellmont Cardiology Services d/b/a Wellmont CVA Heart Institute

To CON Committee Members:

As a regional business entity headquartered in Kingsport, Tennessee, please accept this letter as our support for the CON application of Wellmont Cardiology Services d/b/a Wellmont CVA Heart Institute's for a PET camera to be installed on the existing campus located at 2050 Meadowview Parkway, in Kingsport.

As the patient population in our community and region continues to age, more and more of us will encounter the need for high quality cardiac testing offering the least amount of radiation dosage. The use of a Cardiac PET scan is crucial to patients in need of cardiovascular services as this modality is more accurate in diagnosing heart disease/problems and provides a radiation dose much smaller than a Rest/Stress SPECT exam. Also, the population of Tennessee has a large percentage of obese patients and we understood that the cardiac PET scan is specialized to test patients with high body mass index (BMI).

We support this CON request with the highest regard.

Very truly yours,

HUNTER, SMITH & DAVIS, LLP

William C. Argabrite



2013 APR 23 FH 12: 20

April 19, 2013

www.citizensbank24.com

State of Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Blvd. Nashville, TN 37243

RE: CON for Wellmont CVA Heart Institute - PET Camera

Dear Committee:

I am pleased to support Wellmont CVA Heart Institute's CON application for an on-site PET camera to be located at 2050 Meadowview Parkway in Kingsport.

As a diagnostic tool, Cardiac PET represents a much shorter examination time than SPECT – the typical rest/stress Cardiac PET is 30-45 minutes while the SPECT MPI exam can take 2-4 hours. Wellmont CVA Heart Institute and its 45 cardiologists are committed to the best cardiac care for our patients. This is one way that we can ensure an easier exam time for our patients, many who have difficulties lying on an exam table for an extended period of time. Also, I have read that a Cardiac PET is more accurate in obese patients than the SPECT scan which can lead to unnecessary caths.

As a corporate businessman, I thank you for your consideration of the PET camera for Wellmont CVA Heart Institute and its patients.

Sincerely

Larry Estepp/Executive Vice President

Citizens Bank

101 East Main Street Kingsport, TN 37660



Partnership for Progress

State of Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Boulevard Nashville, TN 37243

RE: CON for Wellmont CVA Heart Institute - PET Camera

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I urge your approval of the CON for the PET camera, and if I can be of any further service in this matter, please contact me at 423.392.8807 or mburdine@kingsportchamber.org.

Respectfully,

Miles Burdine

President & CEO

Kingsport Chamber of Commerce

Md & Bi-

400 Clinchfield Street, Suite 100

Kingsport, TN 37660



2013 MAY 3 AM 9 26

April 24, 2013

State of Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Boulevard Nashville, TN 37243

Dear Sir or Madam:

I write to you to offer my personal support of the PET camera CON application presently under your consideration for Wellmont Cardiology Services d/b/a Wellmont CVA Heart Institute. As a CEO responsible for 275 employees and their families, I think there is a definite need for this tool.

I urge your support of the Wellmont cardiac PET CON application.

Sincerely

Roy L. Harmon, Jr. President and CEO Bank of Tennessee P.O. Box 4980

Johnson City, TN 37602-4980



7013 APR 23 FN 12: 20

April 19, 2013

www.citizensbank24.com

State of Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Blvd. Nashville, TN 37243

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Sincerely,

William D. Dudney, President

Citizens Bank

101 East Main Street Kingsport, TN 37660

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